

Objection Deadline: July 26, 2012 (prevailing Eastern Time)  
Hearing Date (if necessary): August 2, 2012 (prevailing Eastern Time)

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**PATRIOT COAL CORPORATION, *et al.*,**

**Debtors.<sup>1</sup>**

**Chapter 11**

**Case No. 12-12900 (SCC)**

**(Jointly Administered)**

**APPLICATION OF THE DEBTORS FOR AUTHORITY TO  
EMPLOY AND RETAIN BLACKSTONE ADVISORY PARTNERS L.P.  
AS INVESTMENT BANKER TO THE DEBTORS  
NUNC PRO TUNC TO THE PETITION DATE**

Patriot Coal Corporation (“**Patriot**”) and those of its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”), submit this application (the “**Application**”) and respectfully represent:

**Relief Requested**

1. Pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Local Bankruptcy Rules 2014-1 and 2016-1, the Debtors request entry of an order: (i) authorizing the Debtors to employ and retain Blackstone Advisory Partners L.P. (the “**Advisor**”), *nunc pro tunc* to the Petition Date (as defined below), as investment banker to the Debtors, under the terms and conditions set forth in that certain engagement letter (the “**Engagement Letter**”), dated June 22, 2012 (the “**Engagement Date**”), a copy of which is

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<sup>1</sup> The Debtors are the entities listed on Schedule 1 attached hereto. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

annexed as Exhibit 1 to the Huffard Declaration (as defined below) and incorporated by reference herein, (ii) approving the terms of the Advisor's employment, including the proposed fee structure and indemnification provisions set forth in the Engagement Letter, subject to the standards set forth in section 328 of the Bankruptcy Code, effective *nunc pro tunc* to the Petition Date, provided that solely the Office of the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") shall be entitled to review applications for payment of compensation and reimbursement of expenses of the Advisor under section 330 of the Bankruptcy Code, and (iii) granting such other and further relief as the Court deems appropriate. In support of this Application, the Debtors submit the *Declaration of Paul P. Huffard in Support of Application of the Debtors for Authority To Employ and Retain Blackstone Advisory Partners L.P. as Investment Banker to the Debtors Nunc Pro Tunc to the Petition Date* (the "**Huffard Declaration**") attached hereto as Exhibit B and the *Declaration and Statement of Robert Gentile and Disclosure Statement of Blackstone Advisory Partners L.P. in Support of the Application of the Debtors for Authority to Employ and Retain Blackstone Advisory Partners L.P. as Investment Banker to the Debtors* (the "**Gentile Declaration**") attached hereto as Exhibit C.

2. A proposed form of order approving the relief requested herein is annexed hereto as Exhibit A (the "**Proposed Order**").

### **Background and Jurisdiction**

3. On July 9, 2012 (the "**Petition Date**"), each Debtor commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On July 10, 2012, this Court entered an order for joint administration of these chapter 11 cases pursuant to rule 1015(b) of the Bankruptcy Rules.

4. Additional information about the Debtors' businesses and the events leading up to the Petition Date can be found in the *Declaration of Mark N. Schroeder, Patriot's Senior Vice President and Chief Financial Officer*, filed on July 9, 2012 [ECF No. 4], which is incorporated herein by reference.

5. The Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b) and may be determined by the Bankruptcy Court. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

#### **The Advisor's Qualifications**

6. The Advisor is well qualified to serve as the Debtors' investment banker. As detailed in the Huffard Declaration, the Advisor's affiliate, The Blackstone Group L.P. (collectively with the Advisor and their affiliates, "**Blackstone**"), is a leading global alternative asset manager and provider of financial advisory services listed on the New York Stock Exchange (ticker symbol: BX). The Advisor's restructuring and reorganization advisory operation is one of the leading advisory services providers to companies and creditors in restructurings and bankruptcies. The Advisor's professionals have extensive experience working with financially troubled companies in complex financial restructurings. Since 1991, the Advisor has advised on more than 300 distressed situations, both in and out of bankruptcy proceedings, involving nearly \$1 trillion of total liabilities.

7. The members and senior executives of the Advisor's restructuring and reorganization practice have assisted and advised numerous chapter 11 debtors in the development of plans of reorganization and are experienced in analyzing restructuring and related chapter 11 issues. The members and senior executives of the Advisor's restructuring and reorganization practice have been particularly active in large, complex and high-profile

bankruptcies and restructurings, having advised in the following matters, among others, in their chapter 11 reorganizations: AbitibiBowater Inc.; Delta Air Lines, Inc.; Enron Corporation; Global Crossing Ltd.; Flag Telecom Holdings Limited; Flying J. Inc.; Houghton Mifflin Harcourt Publishing Company; Lee Enterprises Inc.; LyondellBasell Industries; Mirant Corp.; SemGroup; NTK Holdings, Inc.; W.R. Grace & Co.; and Winn-Dixie Stores, Inc. In addition, the restructuring group has provided general restructuring advice to such major companies as Aquila, Inc., Ford Motor Company, The Goodyear Tire & Rubber Company and Xerox Corporation.

8. Since May 18, 2012, the Advisor was retained by the Debtors on a prepetition basis to advise on the Debtors' capital raising and restructuring and reorganization efforts. During this time, the Advisor has become intimately familiar with the Debtors' business, affairs, assets and contractual arrangements. The Advisor has worked closely with the Debtors to analyze the Debtors' financial positions and to assist the Debtors in evaluating various restructuring alternatives, including raising new capital. Accordingly, the Advisor has the necessary background to deal effectively and efficiently with many financial issues and problems that may arise in the context of the Debtors' chapter 11 cases.

9. As a result of the prepetition work performed on behalf of Patriot, the Advisor has acquired significant knowledge of the Debtors' financial affairs, debt structure, business operations, capital structure, key stakeholders, financing documents, and other related material information. Likewise, in providing prepetition services to the Debtors, the Advisor's professionals have worked closely with the Debtors' management, board of directors, and other advisors. If this Application is approved, several of the Advisor's professionals, all with substantial expertise in the areas discussed above, will continue to provide services to Patriot as

well as the other Debtor affiliates. Such personnel, including Timothy Coleman, Paul P. Huffard and Mark Buschmann will lead the team of the Advisor's professionals and will work closely with the Debtors' management and other professionals throughout the reorganization process. Accordingly, as a result of the Advisor's representation of Patriot prior to the commencement of these chapter 11 cases and the Advisor's extensive experience in representing chapter 11 debtors, the Advisor is well qualified to provide these services and represent the Debtors during their chapter 11 cases.

**The Advisor's Disinterestedness**

10. To the best of the Debtors' knowledge, except as set forth in the Gentile Declaration: (i) the Advisor has no relevant connection with any of the Debtors, the Debtors' creditors, the U.S. Trustee, any person employed in the office of the U.S. Trustee, or any other party with an actual or potential interest in these chapter 11 cases or their respective attorneys or accountants, (ii) the Advisor (and the Advisor's professionals) are not creditors, equity security holders, or insiders of any of the Debtors, (iii) neither the Advisor nor any of its professionals is or was, within two years of the Petition Date, a director, officer, or employee of any of the Debtors, and (iv) neither the Advisor nor its professionals holds or represents an interest materially adverse to any of the Debtors, their estates or any class of creditors or equity security holders by reason of any direct or indirect relationship to, connection with, or interest in any of the Debtors, or for any other reason. Accordingly, the Debtors submit that the Advisor is a "disinterested person" as defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and the Advisor's employment is permissible under sections 327(a) and 328(a) of the Bankruptcy Code.

11. The Debtors' knowledge, information and belief regarding the matters set forth herein are based upon, and made in reliance on, the Gentile Declaration. The Advisor will

continue to monitor for any matters that might affect its disinterested status. To the extent that any new relevant facts or relationships bearing on the matters described herein during the period of the Advisor's retention are discovered or arise, the Advisor will use reasonable efforts to promptly file a supplemental declaration.

12. Before the Petition Date, the Debtors paid the Advisor \$378,745.07 in fees and expenses. The aforementioned amount includes out-of-pocket prepetition expenses incurred by the Advisor. The Advisor shall apply the \$25,000 prepetition expense retainer against fees and expenses owed to the Advisor once such fees and expenses are approved by the Court.

#### **Services to be Rendered**

13. Subject to further order of this Court, and in accordance with the terms of the Engagement Letter, the Debtors request the employment and retention of the Advisor to render the following investment banking services to the Debtors as necessary, appropriate, and feasible and as may be requested by the Debtors:

- (a) Assist in the evaluation of the Debtors' businesses and prospects;
- (b) Assist in the development of the Debtors' long-term business plan and related financial projections;
- (c) Assist in the development of financial data and presentations to the Debtors' Boards of Directors, various creditors and other third parties;
- (d) Analyze the Debtors' financial liquidity and evaluate alternatives to improve such liquidity;
- (e) Analyze various restructuring scenarios and the potential impact of these scenarios on the recoveries of those stakeholders impacted by the Restructuring;
- (f) Provide strategic advice with regard to restructuring or refinancing the Obligations;
- (g) Evaluate the Debtors' debt capacity and alternative capital structures;
- (h) Participate in negotiations among the Debtors and their creditors, suppliers, lessors and other interested parties;

- (i) Value securities to be offered by the Debtors in connection with a Restructuring;
- (j) Advise the Debtors and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;
- (k) Assist in arranging debtor-in-possession (“**DIP**”) financing for the Debtors, as requested;
- (l) Provide expert witness testimony concerning any of the subjects encompassed by the other financial advisory services; and
- (m) Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a Restructuring, as requested and mutually agreed.

14. The services that the Advisor will provide to the Debtors are necessary to enable the Debtors to maximize the value of their estates. The Debtors believe that the services will not duplicate the services that other professionals will be providing to the Debtors in these chapter 11 cases. Specifically, the Advisor will carry out unique functions and will use reasonable efforts to coordinate with the Debtors’ other retained professionals to avoid unnecessary duplication of services.

### **Professional Compensation**

15. In consideration of the services to be provided by the Advisor, and as more fully described in the Engagement Letter, subject to this Court’s approval, the Debtors and the Advisor have agreed that the Advisor shall, in respect of its services, be paid in cash under the following fee structure (the “**Fee Structure**”):<sup>2</sup>

- (a) Monthly Fee. The Debtors shall pay the Advisor a monthly advisory fee (the “**Monthly Fee**”) of \$175,000 in cash, with the first Monthly Fee paid upon the execution of the Engagement Letter by both parties

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<sup>2</sup> This summary of the Engagement Letter contained in this Application is qualified in its entirety by reference to the provisions of the Engagement Letter. To the extent that there is any discrepancy between the terms contained in this Application and those set forth in the Engagement Letter, the terms of the Engagement Letter shall control. Unless otherwise defined herein, capitalized terms used in this summary shall have the meanings ascribed to such terms in the Engagement Letter.

and additional installments of such Monthly Fee payable in advance on each monthly anniversary of the Engagement Date.

- (b) DIP Financing Fee. The Debtors shall pay the Advisor a DIP financing fee (the “**DIP Financing Fee**”) of 0.5% of the total facility size of any DIP financing arranged by Blackstone, payable upon funding of such a facility.
- (c) Equity Raise Fee. The Debtors shall pay the Advisor an equity financing fee (the “**Equity Raise Fee**”) of 4.0% of total gross proceeds received from any equity financing arranged by Blackstone during the term of the Engagement Letter, payable upon consummation.
- (d) Restructuring Fee. The Debtors shall pay the Advisor an additional fee (the “**Restructuring Fee**”) equal to \$6,500,000, payable in cash, upon the consummation of the Restructuring; provided, however, that 50% of any Equity Raise Fee shall be credited against the Restructuring Fee.<sup>3</sup>
- (e) Expense Reimbursements.
  - (i) In addition to the fees described above, the Debtors agree to reimburse the Advisor, promptly upon request, for its actual, reasonable and documented out-of-pocket expenses incurred during the Engagement (as defined below), including, but not limited to, travel and lodging, direct identifiable data processing, document production, publishing services and communication charges, courier services, working meals, reasonable fees and expenses of the Advisor’s counsel (not to exceed \$75,000 except (i) as provided in the Indemnification Agreement (as defined below) and/or (ii) in the event that, as a result of or in connection with the Advisor’s engagement for the Debtors, the Advisor becomes involved in any legal proceeding or investigation or is required by government regulation, subpoena or other legal process to produce documents, or to make its current or former personnel available as witnesses at deposition or trial) and other necessary expenditures, payable upon rendition of invoices setting

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<sup>3</sup> Except as otherwise provided the Engagement Letter, a Restructuring shall be deemed to have been consummated upon (a) the binding execution and effectiveness of all necessary waivers, consents, amendments or restructuring agreements between the Debtors and their creditors involving the compromise of the face amount of the Obligations or the conversion of all or substantially all of the Obligations into alternative securities, including equity, in the case of an out-of-court restructuring; or b) the execution, confirmation, consummation and effectiveness of a Plan of Reorganization pursuant to an order of the Bankruptcy Court, in the case of an in-court restructuring.



forth in reasonable detail the nature and amount of such expenses.

- (ii) Further, in connection with the reimbursement and contribution provisions set forth in the Engagement Letter and Attachment A of the Engagement Letter (the “**Indemnification Agreement**”), the Debtors agree to reimburse each Indemnified Party for all actual, reasonable and documented out of pocket expenses (including actual, reasonable and documented fees, expenses and disbursements of counsel; *provided*, however that in no event shall the Debtors be obligated to pay the fees and expenses of more than one counsel related to a request) as they are incurred in connection with investigating, preparing, pursuing, defending or assisting in the defense of any action, claim, suit, investigation or proceeding related to, arising out of or in connection with the Engagement or the Indemnification Agreement, whether or not pending or threatened, whether or not any Indemnified Party is a party, whether or not resulting in any liability and whether or not such action, claim, suit, investigation or proceeding is initiated or brought by the Debtors.

16. The advisory services and compensation arrangement set forth in the Engagement Letter do not encompass other investment banking services or transactions that may be undertaken by the Advisor at the request of the Debtors, including the arranging of debt or equity capital (provided that Blackstone will not seek any fees in addition to the Fee Structure above for any exit financing in connection with the Restructuring), providing mergers and acquisitions services, issuing fairness opinions or any other specific services not set forth in the Engagement Letter. The terms and conditions of any such investment banking services, including compensation arrangements, would be set forth in a separate written agreement between the Advisor and the appropriate party, and the Debtors and the Advisor will seek authority from the Court for any such expanded retention.

17. The Debtors understand that the terms and conditions of the Advisor’s employment are reasonable and comparable to compensation generally charged by financial

advisors and investment bankers of a similar stature for comparable engagements, both in and out of court. Given the numerous issues that the Advisor may be required to address in these chapter 11 cases, the Advisor's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for the Advisor's services for engagements of this nature in both out-of-court and chapter 11 contexts, the Debtors agree that the fee arrangements in the Engagement Letter are reasonable under the standards set forth below.

18. The Debtors understand that the terms of the Advisor's employment and compensation, as described in the Engagement Letter, are consistent with employment and the type of compensation arrangements typically entered into by the Advisor when providing financial advisory services and investment banking services. The Advisor's employment and compensation arrangements are competitive with those entered into by other investment banking firms when rendering comparable services. The Advisor and the Debtors believe that the foregoing compensation requirements are both reasonable and market-based.

19. To the best of the Debtors' knowledge, information, and belief, and except and to the extent disclosed in the Huffard Declaration, no promises have been received by the Advisor as to compensation in connection with these chapter 11 cases other than as outlined in the Engagement Letter and the Advisor has no agreement with any other entity to share any compensation received with any person other than the principals and employees of the Advisor.

**The Indemnification Provisions Are Appropriate**

20. As more fully described in the indemnification, reimbursement and contribution provisions set forth in the Indemnification Agreement, the Debtors have agreed, among other things, to indemnify and hold harmless the Advisor and other "**Indemnified Parties**" (as defined in the Indemnification Agreement) from and against any losses, claims,

damages, expenses and liabilities whatsoever, whether they be joint or several, (collectively, “**Liabilities**”) related to, arising out of or in connection with the engagement (the “**Engagement**”) under the Engagement Letter. The Debtors, however, will not be liable for any losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined by a court of competent jurisdiction to have resulted from the gross negligence, bad faith, willful misconduct or fraud of an Indemnified Party (such provisions being the “**Indemnification Provisions**”). However, the following conditions will apply with respect to any such indemnification, reimbursement or contribution pursuant to the Indemnification Provisions:

- (a) All requests of Indemnified Parties for payment of indemnity, reimbursement or contribution pursuant to the Engagement Letter shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity, reimbursement or contribution conforms to the terms of the Engagement Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity, reimbursement or contribution is sought, provided, however, that in no event shall Indemnified Party be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct.
- (b) In the event that Indemnified Party seeks reimbursement from the Debtors for reasonable attorneys’ fees in connection with a request by Indemnified Party for payment of indemnity, reimbursement or contribution pursuant to the Engagement Letter, as modified by the Order, the invoices and supporting time records from such attorneys shall be included in Indemnified Party’s own application (both interim and final) and such invoices and time records shall be subject to the Standing Order Establishing Procedures For Monthly Compensation and Reimbursement of Expenses of Professionals [M-412] (Dec. 21, 2010), the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases [M-389] (Nov. 25, 2009), and the U.S. Trustee Guidelines (collectively, the “**Fee Guidelines**”) and the approval of the Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without

regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

21. The Debtors submit that such indemnification is standard in the specialized financial advisory industry and that the provision of such indemnification by the Debtors is fair and reasonable considering the Advisor's qualifications and the expectations of other special financial advisors in connection with engagements of this scope and size. *See In re Joan & David Halpern, Inc.*, 248 B.R. 43 (Bankr. S.D.N.Y. 2000) (order authorizing indemnification of financial advisors by debtors), *aff'd*, 2000 WL 1800690 (S.D.N.Y. Dec. 6, 2000). The terms of the Indemnification Letter are similar to indemnification terms that have been previously approved by bankruptcy courts in this District in other large Chapter 11 cases.<sup>4</sup>

**Approval of Engagement Pursuant to Section 328(a) of the Bankruptcy Code**

22. Section 328 of the Bankruptcy Code provides, in relevant part, that a debtor "with the court's approval, may employ or authorize the employment of a professional person under section 327 . . . on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis." 11 U.S.C. § 328(a). Thus, section 328(a) permits the Court to approve the terms of the Advisor's engagement as set forth in the Engagement Agreement, including the Fee Structure and the Indemnification Agreement.

23. As recognized by numerous courts, Congress intended in section 328(a) to enable debtors to retain professionals pursuant to specific fee arrangements to be determined at the time of the court's approval of the retention, subject to reversal only if the terms are found to be "improvident in light of developments not capable of being anticipated at the time of the

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<sup>4</sup> *See, e.g., In re AMR Corp.*, Case No. 11-15463 (Bankr. S.D.N.Y. Mar. 2, 2012) [ECF No. 1557]; *In re Calpine Corp.*, Case No. 05-60200 (Bankr. S.D.N.Y. Apr. 26, 2006) [ECF No. 1370]; *In re Delphi Corp.*, Case No. 05-44481 (Bankr. S.D.N.Y. Nov. 30, 2005) [ECF No. 1363].

fixing of such terms and conditions.” 11 U.S.C. § 328(a). *See Donaldson, Lufkin & Jenrette Sec. Corp. v. Nat’l Gypsum co. (In re Nat’l Gypsum Co.)*, 123 F.3d 861, 862-63 (5th Cir. 1997) (“If the most competent professionals are to be available for complicated capital restructuring and the development of successful corporate reorganization, they must know what they will receive for their expertise and commitment.”); *see also Riker, Danzig, Scherer, Hyland & Perretti LLP v. Official Comm. of Unsecured Creditors (In re Smart World Techs., LLC)*, 383 B.R. 869, 874 (S.D.N.Y. 2008) (quoting *In re Nat’l Gypsum*, 123 F.3d at 862-63).

24. The Debtors believe that the terms and provisions of the Engagement Letter, including the Fee Structure and the Indemnification Agreement, are reasonable terms and conditions of employment and should be approved under section 328(a) of the Bankruptcy Code. Such terms and provisions appropriately reflect (i) the nature of the services to be provided by the Advisor and (ii) the fee structures and indemnification provisions typically utilized by the Advisor and other leading financial advisory firms, which do not bill their time on an hourly basis and are generally compensated on a transactional basis. In particular, the Debtors believe that the Fee Structure creates a proper balance between fixed and monthly fees based on the successful consummation of certain transactions.

25. The Debtors submit that the terms and provisions of the Engagement Letter, including the Fee Structure and the Indemnification Agreement are reasonable terms and conditions of employment in light of (i) industry practice, (ii) market rates charged for comparable services both in and out of the chapter 11 context, and (iii) the Advisor’s restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities.

#### **Maintenance of Time Records**

26. The Advisor has requested, pursuant to section 328(a) of the Bankruptcy Code, payment of its fees on a monthly and fixed-rate basis, which is customary in the investment banking industry. It is not the general practice of investment banking firms, including the Advisor, to keep detailed time records similar to those customarily kept by attorneys. Accordingly, if the Court grants the Application, the Advisor will file interim and final fee applications for the allowance of compensation for services rendered and reimbursement of expenses incurred in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Fee Guidelines and any applicable orders of this Court. In lieu of submission by the Advisor of detailed billing statements that report time in one-tenth of an hour increments, the Advisor will submit time records during the course of these cases in a summary format that sets forth a description of the services rendered by each of the Advisor's restructuring professionals and the amount of time spent, in one-half hour increments, on each date by such professional rendering services on behalf of the Debtors. Additionally, the Advisor will make reasonable efforts to assign appropriate project categories set forth in the United States Trustee Guidelines to each time entry.

27. The Advisor will also maintain detailed records of any actual and necessary costs and expenses incurred in connection with the aforementioned services. The Advisor's applications for compensation and expenses will be paid by the Debtors pursuant to the terms of the Engagement Letter. Except as necessary to comply with an applicable order, all such expense billings are in accordance with the Advisor's customary practices.

#### **Notice**

28. Consistent with the Order Establishing Certain Notice, Case Management and Administrative Procedures entered on July 16, 2012 [ECF No. 84] (the "**Case Management**

**Order**”), the Debtors will serve notice of this Motion on (a) the Core Parties and (b) the Non-ECF Service Parties (as those terms are defined in the Case Management Order). All parties who have requested electronic notice of filings in these cases through the Court’s ECF system will automatically receive notice of this motion through the ECF system no later than the day after its filing with the Court. A copy of this motion and any order approving it will also be made available on the Debtors’ Case Information Website (located at [www.PatriotCaseInfo.com](http://www.PatriotCaseInfo.com)). In light of the relief requested, the Debtors submit that no further notice is necessary. Pursuant to paragraph 21 of the Case Management Order, if no objections are timely filed and served in accordance therewith, an order granting the relief requested herein may be entered without a hearing.

**No Previous Request**

29. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request that the Court grant the relief  
requested herein and such other and further relief as it deems just and proper.

Dated: New York, New York  
July 19, 2012

/s/ Mark Schroeder  
Mark Schroeder  
Senior Vice President and  
Chief Financial Officer  
Patriot Coal Corporation



**SCHEDULE 1**  
(Debtor Entities)

1. Affinity Mining Company
2. Apogee Coal Company, LLC
3. Appalachia Mine Services, LLC
4. Beaver Dam Coal Company, LLC
5. Big Eagle, LLC
6. Big Eagle Rail, LLC
7. Black Stallion Coal Company, LLC
8. Black Walnut Coal Company
9. Bluegrass Mine Services, LLC
10. Brook Trout Coal, LLC
11. Catenary Coal Company, LLC
12. Central States Coal Reserves of Kentucky, LLC
13. Charles Coal Company, LLC
14. Cleaton Coal Company
15. Coal Clean LLC
16. Coal Properties, LLC
17. Coal Reserve Holding Limited Liability Company  
No. 2
18. Colony Bay Coal Company
19. Cook Mountain Coal Company, LLC
20. Corydon Resources LLC
21. Coventry Mining Services, LLC
22. Coyote Coal Company LLC
23. Cub Branch Coal Company LLC
24. Dakota LLC
25. Day LLC
26. Dixon Mining Company, LLC
27. Dodge Hill Holding JV, LLC
28. Dodge Hill Mining Company, LLC
29. Dodge Hill of Kentucky, LLC
30. EACC Camps, Inc.
31. Eastern Associated Coal, LLC
32. Eastern Coal Company, LLC
33. Eastern Royalty, LLC
34. Emerald Processing, L.L.C.
35. Gateway Eagle Coal Company, LLC
36. Grand Eagle Mining, LLC
37. Heritage Coal Company LLC
38. Highland Mining Company, LLC
39. Hillside Mining Company
40. Hobet Mining, LLC
41. Indian Hill Company LLC
42. Infinity Coal Sales, LLC
43. Interior Holdings, LLC
44. IO Coal LLC
45. Jarrell's Branch Coal Company
46. Jupiter Holdings LLC
47. Kanawha Eagle Coal, LLC
48. Kanawha River Ventures I, LLC
49. Kanawha River Ventures II, LLC
50. Kanawha River Ventures III, LLC
51. KE Ventures, LLC
52. Little Creek LLC
53. Logan Fork Coal Company
54. Magnum Coal Company LLC
55. Magnum Coal Sales LLC
56. Martinka Coal Company, LLC
57. Midland Trail Energy LLC
58. Midwest Coal Resources II, LLC
59. Mountain View Coal Company, LLC
60. New Trout Coal Holdings II, LLC
61. Newtown Energy, Inc.
62. North Page Coal Corp.
63. Ohio County Coal Company, LLC
64. Panther LLC
65. Patriot Beaver Dam Holdings, LLC
66. Patriot Coal Company, L.P.
67. Patriot Coal Corporation
68. Patriot Coal Sales LLC
69. Patriot Coal Services LLC
70. Patriot Leasing Company LLC
71. Patriot Midwest Holdings, LLC
72. Patriot Reserve Holdings, LLC
73. Patriot Trading LLC
74. PCX Enterprises, Inc.
75. Pine Ridge Coal Company, LLC
76. Pond Creek Land Resources, LLC
77. Pond Fork Processing LLC
78. Remington Holdings LLC
79. Remington II LLC
80. Remington LLC
81. Rivers Edge Mining, Inc.
82. Robin Land Company, LLC
83. Sentry Mining, LLC
84. Snowberry Land Company
85. Speed Mining LLC
86. Sterling Smokeless Coal Company, LLC
87. TC Sales Company, LLC
88. The Presidents Energy Company LLC
89. Thunderhill Coal LLC
90. Trout Coal Holdings, LLC
91. Union County Coal Co., LLC
92. Viper LLC
93. Weatherby Processing LLC
94. Wildcat Energy LLC
95. Wildcat, LLC
96. Will Scarlet Properties LLC
97. Winchester LLC
98. Winifrede Dock Limited Liability Company
99. Yankeetown Dock, LLC

**Exhibit A**  
**(Proposed Order)**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**PATRIOT COAL CORPORATION, *et al.*,**

**Debtors.<sup>1</sup>**

**Chapter 11**

**Case No. 12-12900 (SCC)**

**(Jointly Administered)**

**ORDER AUTHORIZING EMPLOYMENT AND RETENTION OF  
BLACKSTONE ADVISORY PARTNERS L.P. AS INVESTMENT  
BANKER TO THE DEBTORS  
NUNC PRO TUNC TO THE PETITION DATE**

Upon the Application dated [\_\_\_\_], 2012 (the “**Application**”)<sup>2</sup> of Patriot Coal Corporation (“**Patriot**”) and its above-captioned debtor affiliates, as debtors and debtors in possession (collectively, the “**Debtors**”), pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules for entry of an order authorizing the Debtors to employ and retain Blackstone Advisory Partners L.P. (the “**Advisor**”) as their investment banker, effective *nunc pro tunc* to the Petition Date under the terms and conditions set forth in that certain engagement letter (the “**Engagement Letter**”), dated June 22, 2012 (the “**Engagement Date**”), all as more fully described in the Application; and upon consideration of the *Declaration of Paul P. Huffard in Support of*

<sup>1</sup> The Debtors are the entities listed on Schedule 1 attached to the Application. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

<sup>2</sup> Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Application.

*Application of the Debtors for Authority To Employ and Retain Blackstone Advisory Partners L.P. as Investment Banker to the Debtors Nunc Pro Tunc to the Petition Date*, sworn to on [\_\_\_\_], 2012 (the “**Huffard Declaration**”) and the *Declaration and Statement of Robert Gentile and Disclosure Statement of Blackstone Advisory Partners L.P. in Support of the Application of the Debtors for Authority to Employ and Retain Blackstone Advisory Partners L.P. as Investment Banker to the Debtors*, sworn to on [\_\_\_\_], 2012 (the “**Gentile Declaration**” and, together with the Huffard Declaration, the “**Declarations**”); and the Court being satisfied, based on the representations made in the Application and the Declarations, that (i) the Advisor does not represent or hold any interest adverse to the Debtors or their estates, (ii) the Advisor and its professionals are “disinterested persons” under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and (iii) the terms and conditions of the Advisor’s employment, including the compensation structure set forth in the Engagement Letter, are reasonable as required by section 328(a) of the Bankruptcy Code; and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and due and proper notice of the Application having been provided; and it appearing that no other or further notice need be provided; [and a hearing having been held to consider the relief requested in the Application (the “**Hearing**”);] [and the appearances of all interested parties having been noted in the record of the Hearing;] [and upon the record of the Hearing;] and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Application is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal

and factual bases set forth in the Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Application is granted to the extent provided herein.
2. The Debtors are authorized to employ and retain the Advisor as their investment banker effective *nunc pro tunc* to the Petition Date in accordance with the terms and conditions set forth in the Engagement Letter attached as Exhibit 1 to the Huffard Declaration, as modified herein, and incorporated by reference herein, and to pay fees to the Advisor on the terms and conditions specified in the Engagement Letter.
3. The Advisor is authorized to provide the services detailed in the Engagement Letter in subparagraphs (a) through (m).
4. The Advisor will not, without further order of this Court, provide underwriting services to the Debtors in these chapter 11 cases and will not serve as a commitment party to any equity raise.
5. Notwithstanding anything to the contrary in the Engagement Letter, the Application or the Declarations, to the extent that the Debtors request that the Advisor perform any services other than those detailed in the Engagement Letter in subparagraphs (a) through (m), the Debtors shall seek further approval by the Court, including any related modifications to the Engagement Letter, and the application seeking such approval shall set forth, in addition to the additional services to be performed, the additional fees sought to be paid.
6. The Debtors will reimburse the Advisor for reasonable expenses incurred in connection with the performance of its engagement under the Engagement Letter including, without limitation, fees, disbursements and other charges by the Advisor's counsel to the extent provided for in the Engagement Letter as modified by this Order (including, without limitation,

pursuant to the Indemnification Provisions as modified by this Order), which counsel shall not be required to be retained pursuant to section 327 of the Bankruptcy Code or otherwise; provided however that such fees shall not include fees related to fee applications or drafting and negotiating the Engagement Letter, the Application or any related documents; provided, further, that in the event that the Advisor seeks reimbursement from the Debtors for attorneys' fees and expenses consistent with the terms of this Order, the invoices and supporting time records from such attorneys shall be included in the Advisor's own applications, both interim and final, and they shall be subject to the Fee Guidelines and the approval of the Bankruptcy Court pursuant to Sections 330 and 331 of the Bankruptcy Code.

7. The Advisor shall apply any amounts of its prepetition retainer remaining, after applying such retainer to prepetition amounts (as described in the Application), as a credit toward postpetition fees and expenses, after such postpetition fees and expenses are approved pursuant to the first order of the Court awarding fees and expenses to the Advisor.

8. The Indemnification Provisions set forth in the Engagement Letter and Attachment A of the Engagement Letter (the "**Indemnification Agreement**") are approved, subject to the following modifications:

- (a) All requests of Indemnified Parties for payment of indemnity, reimbursement or contribution pursuant to the Engagement Letter shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity, reimbursement or contribution conforms to the terms of the Engagement Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity, reimbursement or contribution is sought, provided, however, that in no event shall Indemnified Party be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct.
- (b) In the event that Indemnified Party seeks reimbursement from the Debtors for reasonable attorneys' fees in connection with a request

by Indemnified Party for payment of indemnity, reimbursement or contribution pursuant to the Engagement Letter, as modified by this Order, the invoices and supporting time records from such attorneys shall be included in Indemnified Party's own application (both interim and final) and such invoices and time records shall be subject to the Fee Guidelines and the approval of the Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

9. The Advisor shall file fee applications for interim and final allowance of compensation and reimbursement of expenses and shall be compensated for its services and reimbursed for any related expenses in accordance with and pursuant to the procedures set forth in sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Fee Guidelines, the [Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals, filed [\_\_\_\_], 2012 [ECF No.\_\_\_\_]], and any other applicable orders of this Court; *provided, however*, that the fee applications filed by the Advisor shall be subject to review pursuant to the standard of review set forth in section 328 of the Bankruptcy Code (and not the standard of review pursuant to section 330 of the Bankruptcy Code) and solely the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") shall be entitled to review the Advisor's applications for payment of compensation and reimbursement of expenses of the Advisor under section 330 of the Bankruptcy Code.

10. Notwithstanding anything to the contrary in this Order, the U.S. Trustee retains all rights to object to the Advisor's interim and final fee applications (including any Restructuring Fee, Equity Raise Fee, DIP Financing Fee or expense reimbursement) on all grounds including, but not limited to, the reasonableness standard provided for in section 330 of the Bankruptcy Code, and, solely with respect to an objection by the U.S. Trustee, the Court

retains the right to review the interim and final applications pursuant to section 330 of the Bankruptcy Code.

11. The Advisor shall include in any fee applications time records setting forth a description of the services rendered by each professional rendering services and the amount of time spent on each date by each such individual in rendering services on behalf of the Debtors in one half-hour increments, but the Advisor shall not be required to provide or conform to any schedule of hourly rates or provide time detail in one tenth-hour (0.1) increments. Additionally, the Advisor shall assign appropriate project categories set forth in the U.S. Trustee Guidelines to each time entry contained in any applications filed in these cases.

12. The fourth sentence in the last paragraph of page 5 of the Engagement Letter is hereby deemed amended and restated to read as follows: “The Company further acknowledges and agrees that Blackstone has been retained solely to act as financial advisor to the Company.”

13. The Monthly Fee, Restructuring Fee, Equity Raise Fee, and DIP Financing Fee shall be deemed earned and payable when payable upon the terms specified in the Engagement Letter.

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

15. The relief granted herein shall be binding upon any chapter 11 trustee appointed in these chapter 11 cases, or upon any chapter 11 trustee appointed in the event of a subsequent conversion of these chapter 11 cases to cases under chapter 7 of the Bankruptcy Code.



16. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry, notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or other Bankruptcy Rules.

17. The Advisor shall use its best efforts to avoid any duplication of services provided by any of the Debtors' other retained professionals in these chapter 11 cases.

18. To the extent the Application, the Engagement Letter any prior order or pleading in these cases is inconsistent with this Order, the terms of this Order shall govern.

19. Notwithstanding any provision to the contrary in the Application or the Engagement Letter, the Court shall retain jurisdiction to hear and to determine all matters arising from or related to implementation, interpretation and/or enforcements of this Order.

Dated: New York, New York  
\_\_\_\_\_, 2012

\_\_\_\_\_  
THE HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit B**  
**(the Huffard Declaration)**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**PATRIOT COAL CORPORATION, *et al.*,**

**Debtors.<sup>1</sup>**

**Chapter 11**

**Case No. 12-12900 (SCC)**

**(Jointly Administered)**

**DECLARATION OF PAUL P. HUFFARD IN SUPPORT OF  
APPLICATION OF THE DEBTORS FOR AUTHORITY TO EMPLOY  
AND RETAIN BLACKSTONE ADVISORY PARTNERS L.P.  
AS INVESTMENT BANKER TO THE DEBTORS  
NUNC PRO TUNC TO THE PETITION DATE**

Paul P. Huffard, makes this declaration under 28 U.S.C. § 1746, and states:

1. I am over the age of 18 and competent to testify. I am a Senior Managing Director of Blackstone Advisory Partners L.P. (the “**Advisor**”).<sup>2</sup> The Advisor’s affiliate, The Blackstone Group L.P. (collectively, with the Advisor and their affiliates, “**Blackstone**”), is a global alternative asset manager and provider of financial advisory services listed on the New York Stock Exchange that maintains offices at 345 Park Avenue, New York, New York 10154. I am authorized to execute this declaration (the “**Declaration**”) on behalf of the Advisor. Unless otherwise stated in this Declaration, I have personal knowledge of the facts set forth herein.

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<sup>1</sup> The Debtors are the entities listed on Schedule 1 attached to the Application. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

<sup>2</sup> Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Application.

2. This Declaration is being submitted in connection with the proposed retention of the Advisor as investment banker to Patriot Coal Corporation (“**Patriot**”) and its Debtor affiliates (collectively, the “**Debtors**”) to perform services as set forth in the engagement (the “**Engagement**”) under that certain engagement letter (the “**Engagement Letter**”), dated June 22, 2012 (the “**Engagement Date**”), a copy of which is annexed as Exhibit 1 hereto, as modified by the *Application of the Debtors for Authority To Employ and Retain Blackstone Advisory Partners L.P. as Investment Banker to the Debtors Nunc Pro Tunc To the Petition Date* (the “**Application**”).<sup>3</sup>

3. The Advisor believes that its services will not duplicate the services that other professionals will be providing to the Debtors in their chapter 11 cases. Specifically, the Advisor will carry out unique functions and will use reasonable efforts to coordinate with the Debtors’ other retained professionals to avoid the unnecessary duplication of services.

#### **The Advisor’s Qualifications**

4. Blackstone is a leading global alternative asset manager and provider of financial advisory services listed on the New York Stock Exchange (ticker symbol: BX). The Advisor’s restructuring and reorganization advisory operation is one of the leading advisory services providers to companies and creditors in restructurings and bankruptcies. The Advisor provides a range of financial advisory services to clients involved in mergers and acquisitions, restructurings, securities offerings, debt and equity transactions and other complex situations requiring sophisticated financial expertise.

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<sup>3</sup> Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Application.

5. The Advisor's professionals have extensive experience working with financially troubled companies in complex financial restructurings. Since 1991, the Advisor has advised on more than 300 distressed situations, both in and out of bankruptcy proceedings, involving nearly \$1 trillion of total liabilities.

6. As a result of the Advisor's prepetition engagement by Patriot, the Advisor has developed a reserve of institutional knowledge related to, and an intimate understanding of, Patriot's, as well as the other Debtors' business operations, capital structure, key stakeholders, financing documents, and other material information, and therefore will be able to facilitate the Debtors' efforts to maximize the value of their estates in these chapter 11 cases. I believe that the Advisor and the professionals it employs are uniquely qualified to advise the Debtors in the matters for which the Advisor is proposed to be employed.

#### **The Advisor's Disinterestedness**

7. In connection with its proposed retention by the Debtors in these cases, Blackstone undertook to determine whether Blackstone had any conflicts or other relationships that might cause it not to be disinterested or to hold or represent an interest adverse to any of the Debtors. Robert J. Gentile, Vice President in the Compliance Group (the "**Compliance Manager**") of Blackstone, is responsible for, among other things, the day-to-day operation of the compliance function at Blackstone. As part of that job, he maintains, for purposes of monitoring and avoiding conflicts of interest, a list (the "**Restricted List**") of companies with which Blackstone or one of its investment vehicles is doing business, either as an advisor, an investor or with respect to which Blackstone is in possession of material nonpublic information or has entered into a confidentiality

agreement. The Compliance Manager of Blackstone and his staff have received the names of individuals and entities that may be parties in interest in these chapter 11 cases (the “**Parties-in-Interest List**”) attached as Schedule 1 to the *Declaration and Statement of Robert Gentile and Disclosure Statement of Blackstone Advisory Partners L.P. in Support of the Application of the Debtors for Authority to Employ and Retain Blackstone Advisory Partners L.P. as Investment Banker to the Debtors*, (the “**Gentile Declaration**”), which is attached as Exhibit C to the Application, and have compared this to the Restricted List to determine the existence of any possible conflicts (the “**Conflict Check**”). The results of this Conflict Check are disclosed in the Gentile Declaration.

8. As part of its diverse practice, the Advisor appears in numerous cases, proceedings and transactions involving many different professionals, including attorneys, accountants, investment bankers and financial consultants, some of whom may represent claimants and parties-in-interest in the Debtors’ chapter 11 case. Further, Blackstone or companies in which it has investments have in the past been, and may in the future be, represented by several attorneys and law firms in the legal community, some of whom may be involved in this proceeding. In addition, the Advisor has in the past worked, and will likely in the future work, with or against other professionals involved in this case in matters unrelated to this case. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these business relations constitute interests materially adverse to the Debtors’ estate herein, and none are in connection with this case.

9. Affiliates of Blackstone serve as general partners for and manage a number of investment vehicles (collectively, the “**Blackstone Funds**”). The investors in

the Blackstone Funds include many large financial institutions, some of which may be parties in interest in this chapter 11 case, but also include affiliates of Blackstone and various of its officers and employees (collectively, the “**Employees**”), including Employees working on this chapter 11 case. In their capacity as limited partners, these Employees have personal investments in the Blackstone Funds, but have no control over investment decisions or over business decisions made at the Blackstone Funds.

- (a) Among other things, some of the Blackstone Funds are (a) passive investors in other funds (the “**Investment Funds**”) managed by a number of non-traditional money managers, (b) active direct investors in a number of portfolio companies (the “**Equity Funds**”), (c) active direct investors in real estate including leases, mortgages, fee interests, real estate investment trusts, real estate securities and businesses which are substantially related to real estate development, construction, and operation (“**BREP**”), and (d) investors in a variety of debt instruments and mezzanine loans or similar securities including closed-end publicly listed vehicles (“**Income Funds**”).
- (b) As would be the case with respect to a mutual fund investment, neither Blackstone, the Blackstone Funds nor the Employees have any control over the investments made by the Investment Funds in which the Blackstone Funds are invested, including investment purchases, investment divestitures, and the timing of such activities.
- (c) Some of the Investment Funds may invest in distressed debt and may hold or acquire debt of the Debtors. To avoid any appearance of impropriety, where the Blackstone Funds may receive information that the Investment Funds are investing in companies in which Blackstone is acting as an advisor, Blackstone maintains internal procedures designed to preclude the dissemination of such information to the Employees who are providing such advisory services. No Employee working on the Debtors’ chapter 11 cases receives information concerning the individual investments of the Investment Funds in which the Blackstone Funds are invested.
- (d) Blackstone maintains investment control over the Equity Funds, BREP, and the Income Funds (the “**Managed Funds**”).
- (e) Blackstone maintains a strict separation between its Employees assigned to the Debtors’ chapter 11 cases and the Employees assigned to the Blackstone Funds.

- (f) Likewise, no confidential information concerning the Debtors is permitted to be communicated to the Employees working for the Blackstone Funds.
- (g) It is possible that companies owned, in whole or in part, by some of the Blackstone Funds may have a relationship with the Debtors or otherwise appear on the Parties-in-Interest List. The Debtors may purchase or supply goods and services to, and may be an obligor to, or a creditor of, one or more companies that the Advisor is advising or in which some of the Blackstone Funds have an investment. These relationships are unrelated to the services the Advisor intends to provide in the Debtors' chapter 11 cases. Blackstone maintains that these relationships are subject to the internal confidentiality procedures outlined immediately above, and thus, have no meaningful bearing on the Advisor's ability to advise the Debtors. Blackstone does not possess enough information concerning the dealings of the numerous companies in which some of the Blackstone Funds have an investment to detect connections between such companies and the Debtors or Parties-in-Interest.

10. The Advisor and certain of its members and employees may have represented, may currently represent, and likely will represent, in matters wholly unrelated to the Debtors' chapter 11 cases, entities that are Parties-in-Interest in the Debtors' chapter 11 cases.

11. Blackstone does not believe that any of their involvement with any of the entities in the Parties-in-Interest List will adversely affect the Debtors in any way. Blackstone has not represented, does not represent, and will not represent any entity on the Parties-in-Interest List in the Debtors' chapter 11 cases nor have any relationship with any such entity which would be adverse to the Debtors. Blackstone does not believe that any potential relationship it may have with any entity on the Parties-in-Interest List would interfere with or impair the Advisor's representation of the Debtors in their chapter 11 cases.



12. Given the size of Blackstone and the breadth of its client base, it is possible that Blackstone may now or in the future be retained by one or more of the entities on the Parties-in-Interest List in unrelated matters without my knowledge. In addition, the Debtors have numerous customers, creditors and other parties with whom they may maintain business relationships and some may not be included as an entity on the Parties-in-Interest List. The Debtors have been informed that Blackstone will conduct an ongoing review of its electronic files to ensure that no disqualifying circumstances have arisen. To the extent that Blackstone discovers any such parties, or enters into any new, material relationship with an entity on the Parties-in-Interest List, it will supplement this disclosure to the Court promptly. Other than as disclosed herein, to the best of my knowledge, Blackstone has no other relationship with the Debtors of which I am aware.

13. To the best of my knowledge, except as set forth in the Gentile Declaration: (i) the Advisor has no relevant connection with any of the Debtors, the Debtors' creditors, the U.S. Trustee, any person employed in the office of the U.S. Trustee, or any other party with an actual or potential interest in these chapter 11 cases or their respective attorneys or accountants, (ii) the Advisor (and the Advisor's professionals) are not creditors, equity security holders, or insiders of any of the Debtors, (iii) neither the Advisor nor any of its professionals is or was, within two years of the Petition Date, a director, officer, or employee of any of the Debtors, and (iv) neither the Advisor nor its professionals holds or represents an interest materially adverse to any of the Debtors, their estates or any class of creditors or equity security holders by reason of any direct or indirect relationship to, connection with, or interest in any of the Debtors, or for any other reason. Accordingly, I believe that the Advisor is a "disinterested person" as defined in

section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and the Advisor's employment is permissible under sections 327(a) and 328(a) of the Bankruptcy Code.

14. I am not related or connected to and, to the best of my knowledge, no other professional of Blackstone who will work on this engagement is related or connected to, any United States Bankruptcy Judge for the Southern District of New York or any of the District Judges for the Southern District of New York who handle bankruptcy cases, or any employee in the Office of the U.S. Trustee.

15. No promises have been received by the Advisor as to compensation in connection with these chapter 11 cases, other than as outlined in the Engagement Letter, and the Advisor has no agreement with any other entity to share any compensation received with any person other than the principals and employees of the Advisor.

16. Blackstone will periodically review its files during the pendency of its engagement by the Debtors to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered or arise during the pendency of these chapter 11 cases, Blackstone will use reasonable efforts to identify such further developments and will promptly file a supplemental declaration as required by Bankruptcy Rule 2014.

#### **Professional Compensation**

17. The Fee Structure described in the Application and Engagement Letter is consistent with the Advisor's normal and customary billing practices for comparably-sized and comparably complex cases and transactions, both in and out of court. Further, the Fee Structure was established to reflect the difficulty of the extensive

assignment the Advisor has undertaken. Accordingly, the Advisor believes that the proposed compensation arrangements are both reasonable and market-based.

18. The Advisor has requested, pursuant to section 328(a) of the Bankruptcy Code, payment of its fees on a monthly and fixed-rate basis, which is customary in the investment banking industry. It is not the general practice of investment banking firms to keep detailed time records similar to those customarily kept by attorneys.

19. Accordingly, if the Application is granted, the Advisor will file interim and final fee applications for the allowance of compensation for services rendered and reimbursement of expenses incurred in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Standing Order Establishing Procedures For Monthly Compensation and Reimbursement of Expenses of Professionals [M-412] (Dec. 21, 2010), the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases [M-389] (Nov. 25, 2009), and the U.S. Trustee Guidelines (collectively, the “**Fee Guidelines**”) and any applicable orders of this Court. However, in lieu of submission by the Advisor of detailed billing statements that report time in one-tenth of an hour increments, the Advisor will submit time records during the course of these cases in a summary format that sets forth a description of the services rendered by each of the Advisor’s restructuring professionals and the amount of time spent, in one-half hour increments, each date by such professional rendering services on behalf of the Debtors. Additionally, the Advisor will make reasonable efforts to assign appropriate project categories set forth in the United States Trustee Guidelines to each time entry.

20. Additionally, as more fully described in the indemnification, reimbursement and contribution provisions set forth in Attachment A of the Engagement Letter (the “**Indemnification Agreement**”), the Debtors have agreed, among other things, to indemnify and hold harmless the Advisor and other “**Indemnified Parties**” (as defined in the Engagement Letter) from and against any losses, claims, damages, expenses and liabilities whatsoever, whether they be joint or several, (collectively, “**Liabilities**”) related to, arising out of or in connection with the Engagement under the Engagement Letter, except for any Liabilities that are finally judicially determined by a court of competent jurisdiction to have resulted from the gross negligence, bad faith, willful misconduct or fraud of an Indemnified Party (such provisions being the “**Indemnification Provisions**”). However, the following conditions will apply with respect to any such indemnification, reimbursement or contribution pursuant to the Indemnification Provisions:

- (a) All requests of Indemnified Parties for payment of indemnity, reimbursement or contribution pursuant to the Engagement Letter shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity, reimbursement or contribution conforms to the terms of the Engagement Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity, reimbursement or contribution is sought, provided, however, that in no event shall Indemnified Party be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct.
- (b) In the event that Indemnified Party seeks reimbursement from the Debtors for reasonable attorneys’ fees in connection with a request by Indemnified Party for payment of indemnity, reimbursement or contribution pursuant to the Engagement Letter, as modified by this Order, the invoices and supporting time records from such attorneys shall be included in Indemnified Party’s own application (both interim and final) and such invoices and time records shall be subject to the Fee Guidelines and the approval of the Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under

section 327 of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

21. Such expense reimbursement and indemnification, reimbursement and contribution provisions are standard in the investment banking industry, and the Advisor believes that such provisions are fair and reasonable.

22. Before the Petition Date, the Debtors paid the Advisor \$378,745.07 as detailed in Exhibit 2 annexed hereto.

23. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that to the best of my knowledge, and after reasonable inquiry, the foregoing is true and correct.

Executed this July 19, 2012.

By: /s/ Paul P. Huffard  
Paul P. Huffard  
Title: Senior Managing Director  
Blackstone Advisory Partners L.P.

**Exhibit 1 to the Huffard Declaration**

**(Engagement Letter)**

The  Blackstone Group

June 22, 2012

Mr. Mark Schroeder  
Senior Vice President - Chief Financial Officer  
Patriot Coal Corporation  
12312 Olive Boulevard  
St. Louis, MO 63141

Dear Mr. Schroeder:

This letter confirms the understanding and agreement (the "Agreement") between Blackstone Advisory Partners L.P. ("Blackstone") and Patriot Coal Corporation (together with any affiliates and subsidiaries, the "Company") regarding the retention of Blackstone on an exclusive basis by the Company effective as of May 18, 2012 (the "Effective Date") as its financial advisor for the purposes set forth herein.

Under this Agreement, Blackstone will provide financial advisory services to the Company in connection with a possible restructuring of certain liabilities of the Company (a "Restructuring") and will assist the Company in analyzing, structuring, negotiating and effecting a Restructuring, pursuant to the terms and conditions of this Agreement. As used in this Agreement, the term Restructuring shall mean, collectively, any restructuring, reorganization (whether or not pursuant to Chapter 11 of the United States Bankruptcy Code) and/or recapitalization of the Company affecting existing or potential debt obligations or other claims, including, without limitation, senior debt, junior debt, trade claims and general unsecured claims (collectively, the "Obligations").

The financial advisory services to be rendered by Blackstone will include the following:

- (a) Assist in the evaluation of the Company's businesses and prospects;
- (b) Assist in the development of the Company's long-term business plan and related financial projections;
- (c) Assist in the development of financial data and presentations to the Company's Board of Directors, various creditors and other third parties;
- (d) Analyze the Company's financial liquidity and evaluate alternatives to improve such liquidity;

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345 Park Avenue  
New York, NY 10154  
212 583 5000

- (e) Analyze various restructuring scenarios and the potential impact of these scenarios on the recoveries of those stakeholders impacted by the Restructuring;
- (f) Provide strategic advice with regard to restructuring or refinancing the Obligations;
- (g) Evaluate the Company's debt capacity and alternative capital structures;
- (h) Participate in negotiations among the Company and its creditors, suppliers, lessors and other interested parties;
- (i) Value securities to be offered by the Company in connection with a Restructuring;
- (j) Advise the Company and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;
- (k) Assist in arranging debtor-in-possession ("DIP") financing for the Company, as requested;
- (l) Provide expert witness testimony concerning any of the subjects encompassed by the other financial advisory services; and
- (m) Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a Restructuring, as requested and mutually agreed.

Notwithstanding anything contained in this Agreement to the contrary, Blackstone shall have no responsibility for designing or implementing any initiatives to improve the Company's operations, profitability, or cash management. Blackstone makes no representations or warranties about the Company's ability to (i) successfully improve its operations, (ii) maintain or secure sufficient liquidity to operate its business, or (iii) successfully complete a Restructuring. Blackstone is retained under this Agreement solely to provide advice regarding a Restructuring, and is not being retained to provide "crisis management."

The Company will pay the following fees to Blackstone for its financial advisory services:

- (i) a monthly advisory fee (the "Monthly Fee") in the amount of \$175,000 in cash, with the first Monthly Fee payable upon the execution of this Agreement by both parties and additional installments of such Monthly Fee payable in advance on each monthly anniversary of the Effective Date;
- (ii) a DIP financing fee (the "DIP Financing Fee") of 0.5% of the total facility size of any DIP financing arranged by Blackstone, payable upon funding of such a facility;
- (iii) an equity financing fee (the "Equity Raise Fee") of 4.0% of total gross proceeds received from any equity financing arranged by Blackstone during the term of this Agreement, payable upon consummation;



- (iv) an additional fee (the “Restructuring Fee”) equal to \$6,500,000, payable in cash, upon the consummation of the Restructuring; provided, however, that 50% of any Equity Raise Fee shall be credited against the Restructuring Fee. Except as otherwise provided herein, a Restructuring shall be deemed to have been consummated upon (a) the binding execution and effectiveness of all necessary waivers, consents, amendments or restructuring agreements between the Company and its creditors involving the compromise of the face amount of the Obligations or the conversion of all or substantially all of the Obligations into alternative securities, including equity, in the case of an out-of-court restructuring; or b) the execution, confirmation, consummation and effectiveness of a Plan of Reorganization pursuant to an order of the Bankruptcy Court, in the case of an in-court restructuring; and
- (v) reimbursement of all actual, reasonable and documented out-of-pocket expenses incurred during this engagement, including, but not limited to, travel and lodging, direct identifiable data processing, document production, publishing services and communication charges, courier services, working meals, reasonable fees and expenses of Blackstone’s counsel (not to exceed \$75,000 except (i) as provided in the Indemnification Agreement (as defined below) and/or (ii) in the event that, as a result of or in connection with Blackstone’s engagement for the Company, Blackstone becomes involved in any legal proceeding or investigation or is required by government regulation, subpoena or other legal process to produce documents, or to make its current or former personnel available as witnesses at deposition or trial) and other necessary expenditures, payable upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses. In connection therewith the Company shall pay Blackstone on the Effective Date and maintain thereafter a \$25,000 expense advance for which Blackstone shall account upon termination of this Agreement.

In the event that the Company is or becomes a debtor under Chapter 11 of the Bankruptcy Code, the Company shall use its best efforts to promptly apply to the bankruptcy court having jurisdiction over the Chapter 11 case or cases (the “Bankruptcy Court”) for the approval pursuant to sections 327 and 328 of the Bankruptcy Code of (A) this Agreement, including the attached indemnification agreement, and (B) Blackstone’s retention by the Company under the terms of this Agreement and subject to the standard of review provided in section 328(a) of the Bankruptcy Code and not subject to any other standard of review under section 330 of the Bankruptcy Code. The Company shall supply Blackstone with a draft of such application and any proposed order authorizing Blackstone’s retention sufficiently in advance of the filing of such application and proposed order to enable Blackstone to review and comment thereon. Blackstone shall have no obligation to provide any services under this Agreement in the event that the Company becomes a debtor under the Bankruptcy Code unless Blackstone’s retention under the terms of this Agreement is approved under section 328(a) of the Bankruptcy Code by a final order of the Bankruptcy Court no longer subject to appeal, rehearing, reconsideration or

petition for certiorari, and which order is reasonably acceptable to Blackstone in all respects. Blackstone acknowledges that in the event that the Bankruptcy Court approves its retention by the Company, Blackstone's fees and expenses shall be subject to the jurisdiction and approval of the Bankruptcy Court under section 328(a) of the Bankruptcy Code and any applicable fee and expense guideline orders. In the event that the Company becomes a debtor under the Bankruptcy Code and Blackstone's engagement hereunder is approved by the Bankruptcy Court, the Company shall pay all fees and expenses of Blackstone hereunder as promptly as practicable in accordance with the terms hereof. Prior to commencing a Chapter 11 case, the Company shall pay all invoiced amounts to Blackstone in immediately available funds by wire transfer.

With respect to Blackstone's retention under sections 327 and 328 of the Bankruptcy Code, the Company acknowledges and agrees that Blackstone's restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities, some or all of which may be required by the Company during the term of Blackstone's engagement hereunder, were important factors in determining the amount of the various fees set forth herein, and that the ultimate benefit to the Company of Blackstone's services hereunder could not be measured merely by reference to the number of hours to be expended by Blackstone's professionals in the performance of such services. The Company also acknowledges and agrees that the various fees set forth herein have been agreed upon by the parties in anticipation that a substantial commitment of professional time and effort will be required of Blackstone and its professionals hereunder over the life of the engagement, and in light of the fact that such commitment may foreclose other opportunities for Blackstone and that the actual time and commitment required of Blackstone and its professionals to perform its services hereunder may vary substantially from week to week or month to month, creating "peak load" issues for the firm. In addition, given the numerous issues which Blackstone may be required to address in the performance of its services hereunder, Blackstone's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for Blackstone's services for engagements of this nature in an out-of-court context, the Company agrees that the fee arrangements hereunder (including the Monthly Fee, DIP Financing Fee, Equity Raise Fee and Restructuring Fee) are reasonable under the standards set forth in 11 U.S.C. Section 328(a).

The advisory services and compensation arrangement set forth in this Agreement do not encompass other investment banking services or transactions that may be undertaken by Blackstone at the request of the Company, including the arranging of debt or equity capital (except as provided above), providing mergers and acquisitions advice, issuing fairness opinions or any other specific services not set forth in this Agreement. The terms and conditions of any such investment banking services, including compensation arrangements, would be set forth in a separate written agreement between Blackstone and the appropriate party.

Except as contemplated by the terms hereof or as required by applicable law or legal process, for a period of three years from the termination of this Agreement, Blackstone shall keep confidential all non-public information provided to it by or at the request of the Company, and shall not disclose such information to any third party or to any of its employees or advisors except to those persons who have a need to know such information in connection with

Blackstone's performance of its responsibilities hereunder and who are advised of the confidential nature of the information and who agree to keep such information confidential.

The Company will furnish or cause to be furnished to Blackstone such information as Blackstone reasonably believes to be necessary to its assignment (all such information so furnished being the "Information"). The Company recognizes and confirms that Blackstone (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having independently verified the same, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information, (c) is entitled to rely upon the Information without independent verification, and (d) will not make an appraisal of any assets in connection with its assignment. Subject to Blackstone's compliance with all applicable laws, within 30 days after written request by the Company following the termination of this Agreement, Blackstone shall return or destroy, at the direction of the Company, all Information received from the Company during the course of its engagement and, in the case of destruction, Blackstone shall certify that all Information has been so destroyed.

In the event that the Information belonging to the Company is stored electronically on Blackstone's computer systems, Blackstone shall not be liable for any damages resulting from unauthorized access, misuse or alteration of such information by persons not acting on its behalf, provided that Blackstone exercises the same degree of care in protecting the confidentiality of, and in preventing unauthorized access to, the Company's information that it exercises with regard to its own most sensitive proprietary information.

Except as required by applicable law, regulation or legal process (on the advice of the Company's counsel or otherwise), any advice to be provided by Blackstone under this Agreement shall not be disclosed publicly or made available to third parties (other than the Company's other professional advisors) without the prior consent of Blackstone. All services, advice and information and reports provided by Blackstone to the Company in connection with this assignment shall be for the sole benefit of the Company and shall not be relied upon by any other person.

The Company acknowledges and agrees that Blackstone will provide its financial advice exclusively to the members of the Board of Directors and senior management of the Company and not to the Company's shareholders or other constituencies. The Board of Directors and senior management will make all decisions for the Company regarding whether and how the Company will pursue a Restructuring and on what terms and by what process. In so doing, the Board of Directors and senior management will also obtain the advice of the Company's legal, tax and other business advisors and consider such other factors which they consider appropriate before exercising their independent business judgment in respect of a Restructuring. The Company further acknowledges and agrees that Blackstone has been retained to act solely as financial advisor to the Company and does not in such capacity act as a fiduciary for the Company or any other person. Blackstone shall act as an independent contractor and any duties of Blackstone arising out of its engagement pursuant to this Agreement shall be owed solely to the Company.

In consideration of Blackstone's agreement to provide financial advisory services to the Company in connection with this Agreement, it is agreed that the Company will indemnify Blackstone and its agents, representatives, members and employees. A copy of our standard form of indemnification agreement is attached to this Agreement as Attachment A (the "Indemnification Agreement").

In the event that, as a result of or in connection with Blackstone's engagement for the Company, Blackstone becomes involved in any legal proceeding or investigation or is required by government regulation, subpoena or other legal process to produce documents, or to make its current or former personnel available as witnesses at deposition or trial, subject to court approval in the event that the Company becomes a debtor under the Bankruptcy Code and Blackstone's engagement hereunder is approved by the Bankruptcy Court, the Company will reimburse Blackstone for the actual, reasonable and documented fees and expenses of its counsel incurred in responding to such a request; *provided*, however, that in no event shall the Company be obligated to pay the fees and expenses of more than one counsel related to such request. Nothing in this paragraph shall affect in any way the Company's obligations pursuant to the separate indemnification agreement attached hereto.

Blackstone's engagement hereunder may be terminated upon 30 days' written notice without cause by either the Company or Blackstone; termination for cause by either party will occur forthwith. Notwithstanding the foregoing, (a) the provisions relating to the payment of fees and expenses accrued through the date of termination, the status of Blackstone as an independent contractor and the limitation as to whom Blackstone shall owe any duties will survive any such termination, (b) any such termination shall not affect the Company's obligations under the Indemnification Agreement or Blackstone's confidentiality obligations hereunder, and (c) Blackstone shall be entitled to the Restructuring Fee in the event that a Restructuring is consummated at any time prior to the expiration of 12 months following the termination of this Agreement; *provided*, however, in the event that Blackstone terminates its engagement or is terminated for cause, Blackstone shall not be entitled to any Restructuring Fee. For the purpose of this paragraph, "cause" shall include gross negligence, fraud, willful misconduct, bad faith or a material breach of the terms of this Agreement by Blackstone.

The Company does not appear on the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control of the United States Department of the Treasury, nor is it a prohibited party according to other U.S. government regulatory or enforcement agencies.

Notwithstanding anything to the contrary provided elsewhere herein, none of the provisions of this letter shall in any way limit the activities of The Blackstone Group L.P. and its affiliates in their businesses distinct from the restructuring advisory business of The Blackstone Group L.P., provided that the Information is not made available to representatives of The Blackstone Group L.P. and its affiliates who are not directly involved in the restructuring advisory business of The Blackstone Group L.P. Should the Information be made available to a representative of The Blackstone Group L.P. and its affiliates who is not involved in

restructuring advisory business of The Blackstone Group L.P., such representative shall be bound by this letter in accordance with its terms. Subject to the confidentiality provisions above, Blackstone represents (a) that, in the event that the Company is or becomes a debtor under Chapter 11 of the Bankruptcy Code, it intends to disclose, as required by the applicable Court, the provision of services it has performed or is performing for any past or present client and (b) that, while this Agreement is in effect and for a six-month period following its termination, Blackstone will not represent any other client in any effort to purchase or exercise control over equity, debt or assets of the Company or in any effort to collect any debt from the Company, except with the approval of the Company.

This Agreement (including the Indemnification Agreement) embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination will not affect the Agreement in any other respect, which will remain in full force and effect. No waiver, amendment or other modification of this Agreement shall be effective unless in writing and signed by each party to be bound thereby. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that state.

The Company hereby agrees that any action or proceeding brought by the Company against Blackstone based hereon or arising out of Blackstone's engagement hereunder, shall be brought and maintained by the Company exclusively in the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York; provided, if the Company commences a Chapter 11 case, all legal proceedings pertaining to this engagement arising after such case is commenced may be brought in the Bankruptcy Court handling such case. The Company irrevocably submits to the jurisdiction of the courts of the State of New York located in the City and County of New York and the United States District Court for the Southern District of New York and appellate courts from any thereof for the purpose of any action or proceeding based hereon or arising out of Blackstone's engagement hereunder and irrevocably agrees to be bound by any judgment rendered thereby in connection with such action or proceedings. The Company hereby irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter may have to the laying of venue of any such action or proceeding brought in any such court referred to above and any claim that such action or proceeding has been brought in an inconvenient forum and agrees not to plead or claim the same.

Please confirm that the foregoing correctly sets forth our agreement by signing and returning to Blackstone the duplicate copy of this Agreement and the Indemnification Agreement.

Very truly yours,

BLACKSTONE ADVISORY PARTNERS L.P.

By: 

Name: Flip Hulfard

Title: Senior Managing Director

Accepted and Agreed to as  
of the date first written above:

PATRIOT COAL CORPORATION

By: 

Name: Mark Schroeder

Title: Senior Vice President - Chief Financial Officer

ATTACHMENT A

June 22, 2012

Blackstone Advisory Partners L.P.  
345 Park Avenue  
New York, NY 10154

INDEMNIFICATION AGREEMENT

Ladies and Gentlemen:

This letter will confirm that we have engaged Blackstone Advisory Partners L.P. (“Blackstone”) to advise and assist us in connection with the matters referred to in our letter of agreement dated as of June 22, 2012 (the “Engagement Letter”). In consideration of your agreement to act on our behalf in connection with such matters, we agree to indemnify and hold harmless you and your affiliates and your and their respective partners (both general and limited), members, officers, directors, employees and agents and each other person, if any, controlling you or any of your affiliates (you and each such other person being an “Indemnified Party”) from and against any losses, claims, damages, expenses and liabilities whatsoever, whether they be joint or several, related to, arising out of or in connection with the engagement (the “Engagement”) under the Engagement Letter and will reimburse each Indemnified Party for all actual, reasonable and documented out of pocket expenses (including actual, reasonable and documented fees, expenses and disbursements of counsel) as they are incurred in connection with investigating, preparing, pursuing, defending or assisting in the defense of any action, claim, suit, investigation or proceeding related to, arising out of or in connection with the Engagement or this agreement, whether or not pending or threatened, whether or not any Indemnified Party is a party, whether or not resulting in any liability and whether or not such action, claim, suit, investigation or proceeding is initiated or brought by us. We will not, however, be liable under the foregoing indemnification provision for any losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined by a court of competent jurisdiction to have resulted from the gross negligence, bad faith, willful misconduct or fraud of Blackstone. We also agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to us or our owners, parents, affiliates, security holders or creditors for or in connection with the Engagement except for any such liability for losses, claims, damages or liabilities incurred by us that are finally judicially determined by a court of competent jurisdiction to have resulted from the gross negligence, bad faith, willful misconduct or fraud of Blackstone.

If the indemnification provided for in the preceding paragraph is for any reason unavailable to an Indemnified Party in respect of any losses, claims, damages or liabilities referred to herein, then, in lieu of indemnifying such Indemnified Party hereunder, we shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (and expenses relating thereto) (i) in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by you, on the one hand, and us, on the other hand, from the Engagement or (ii) if and only if the allocation provided by clause (i) above is for any reason not available, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of each of you and us, as well as any other relevant equitable considerations; provided, however, to the extent permitted by applicable law, in no event shall your aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by you under the Engagement Letter. For the purposes of this agreement, the relative benefits to us and you of the Engagement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid or received or contemplated to be received by us, our security holders and our creditors in the transaction or transactions that are subject to the Engagement, whether or not any such transaction is consummated, bears to (b) the fees paid or to be paid to Blackstone under the Engagement Letter (excluding any amounts paid as reimbursement of expenses).

Neither party to this agreement will, without the prior written consent of the other party (which consent will not be unreasonably withheld), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (a "Judgment"), whether or not we or any Indemnified Party are an actual or potential party to such claim, action, suit or proceeding. In the event that either party seeks to settle or compromise or consent to the entry of any Judgment, such settlement, compromise or consent (i) shall include an unconditional release of the other parties hereunder from all liability arising out of such claim, action, suit or proceeding, (ii) shall not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of the other parties hereunder, and (iii) shall not impose any continuing obligations or restrictions on the other parties hereunder.

Promptly after receipt by an Indemnified Party of notice of any complaint or the commencement of any action or proceeding with respect to which indemnification is being sought hereunder, such person will notify us in writing of such complaint or of the commencement of such action or proceeding, but failure to so notify us will not relieve us from any liability which we may have hereunder or otherwise, except to the extent that such failure materially prejudices our rights. If we so elect or are requested by such Indemnified Party, we will assume the defense of such action or proceeding, including the employment of counsel reasonably satisfactory to Blackstone and the payment of the fees and disbursements of such counsel.

In the event, however, such Indemnified Party reasonably determines in its judgment that having common counsel would present such counsel with a conflict of interest or if we fail to



assume the defense of the action or proceeding in a timely manner, then such Indemnified Party may employ separate counsel reasonably satisfactory to us to represent or defend it in any such action or proceeding and we will pay the fees and disbursements of such counsel; provided, however, that in no event will we be required to pay any fees and disbursements of more than one separate counsel for all Indemnified Parties in any jurisdiction in any single action or proceeding. In any action or proceeding the defense of which we assume, the Indemnified Party will have the right to participate in such litigation and to retain its own counsel at such Indemnified Party's own expense.

The foregoing reimbursement, indemnity and contribution obligations of the Company under this Agreement shall be in addition to any rights that an Indemnified Party may have at common law or otherwise, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company and such Indemnified Party.

The provisions of this Agreement shall apply to the Engagement and any written modification of the Engagement and shall remain in full force and effect regardless of any termination or the completion of your services under the Engagement Letter.

This Agreement and the Engagement Letter shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that state.

Very truly yours,

PATRIOT COAL CORPORATION

By: 

Name: Mark Schroeder  
Title: Senior Vice President -  
Chief Financial Officer

Accepted and Agreed  
to as of the date first  
written above:

BLACKSTONE ADVISORY PARTNERS L.P.

By: 

Name: Flip Huffard  
Title: Senior Managing Director

**Exhibit 2 to the Huffard Declaration**

<b>Period of Service</b>	<b>Invoice Date</b>	<b>Amount Paid</b>
May 18, 2012 through July 17, 2012	June 26, 2012	\$378,745.07

**Exhibit C**  
**(the Gentile Declaration)**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**PATRIOT COAL CORPORATION, *et al.*,**

**Debtors.<sup>1</sup>**

**Chapter 11**

**Case No. 12-12900 (SCC)**

**(Jointly Administered)**

**DECLARATION AND STATEMENT OF ROBERT GENTILE AND  
DISCLOSURE STATEMENT OF BLACKSTONE ADVISORY PARTNERS L.P.  
IN SUPPORT OF THE APPLICATION OF THE DEBTORS TO EMPLOY AND  
RETAIN BLACKSTONE ADVISORY PARTNERS L.P.  
AS INVESTMENT BANKER TO THE DEBTORS**

I, Robert J. Gentile, declare:

1. I am a Vice President in the Legal and Compliance Department of Blackstone Advisory Partners L.P. (the “**Advisor**”)<sup>2</sup> and I am one of the professionals responsible for, among other things, the day-to-day operation of the compliance function at the Advisor and its affiliate, The Blackstone Group L.P. (collectively with the Advisor and their affiliates, “**Blackstone**”). As part of my job, I am one of the professionals involved in maintaining, for purposes of monitoring and avoiding conflicts of interest, a list of companies with which Blackstone is doing business, either as an advisor or an investor or with respect to which Blackstone is in possession of material, nonpublic information or has entered into a confidentiality agreement.

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<sup>1</sup> The Debtors are the entities listed on Schedule 1 attached to the Application. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

<sup>2</sup> Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Application.

2. On July 3, 2012, my colleagues and I received a list of Parties-In-Interest (“**PII**”) from the Debtors, which is attached hereto as Schedule 1.

3. Blackstone is a multi-faceted, international financial advisory and asset management firm with numerous legally distinct and separate affiliates. (Blackstone and its affiliates other than the Advisor are referred to herein as the “**Advisor Affiliates**”). In that regard, the Advisor is operated as a distinct entity, separated from the Blackstone Group L.P. and the Advisor Affiliates.

4. Because the Advisor is the only Blackstone entity being retained by the Debtors, and because the Advisor is not involved with the businesses of the Advisor Affiliates, we have researched only our records relating to the Advisor to determine connections with the PII.

5. The Blackstone Legal and Compliance Department has undertaken a review of the PII to determine possible conflicts relating to the Debtors and, subject to the foregoing limitations and the following disclosures, no material conflicts have been found.

- (a) Advisor Affiliates serve as general partners for and manage a number of private investment funds (the “**Blackstone Funds**”), of which the investors are primarily hundreds of unrelated third parties. From time to time, there may be PII that are investors in the Blackstone Funds. Furthermore, from time to time, a Blackstone Fund may hold, directly or through a pooled investment vehicle, an interest in a security or other instrument issued by or related to a PII.
- (b) Some of the financial institutions that are PII and certain other PII may have co-invested with Blackstone Funds or may have extended credit or provided investment banking services to Blackstone, the Advisor Affiliates, the Blackstone Funds or companies owned by the Blackstone Funds. Such PII may engage in one or more of the

foregoing activities in the future. The Advisor and its personnel have no control of, or involvement with any of these activities.

- (c) From time to time, Advisor Affiliates may enter into confidentiality agreements with PII. The Advisor and its personnel have no control of, involvement with or knowledge of these agreements.
- (d) The Advisor is currently engaged to provide financial advisory services to two PII, one of which may not be named due to confidentiality obligations in an agreement to which it is a party. Assurant, Inc. is the second PII. These engagements are wholly unrelated to the Debtors and these Chapter 11 Proceedings, and the Advisor does not believe that the interests of the Debtors or their estates are adversely affected by these engagements.
- (e) The Advisor has been jointly retained by Milbank, Tweed, Hadley & McCloy LLP and The Bank of New York Mellon, the Indenture Trustee, for the benefit of First-Lien Senior Secured Lenders of NewPage Corporation. One of the lenders, Blackrock, Inc., is a PII. The engagement is wholly unrelated to the Debtors and these Chapter 11 proceedings, and the Advisor does not believe that the interests of the Debtors or their estates are adversely affected by this engagement.
- (f) The Advisor has been engaged to provide financial advisory services to Akin Gump Strauss Hauer & Feld LLP, as counsel to holders of select notes of Eastman Kodak Company issued pursuant to a certain Indenture dated March 5, 2010, as amended and the Bank of New York Mellon (“**Mellon**”), the indenture trustee. Both Merrill Lynch, Pierce, Fenner & Smith Inc. and UBS AG are noteholders and PII. The engagement is wholly unrelated to the Debtors and these Chapter 11 proceedings, and the Advisor does not believe that the interests of the Debtors or their estates are adversely affected by this engagement.
- (g) The Advisor is currently engaged to provide financial advisory services to the Official Committee of Unsecured Creditors of Dynegy Holdings, LLC. Two of the members of such committee are PII, including Wilmington Trust, N.A. and U.S. Bank National Association. The engagement is wholly unrelated to the Debtors and these Chapter 11 Proceedings, and the Advisor does not believe the interests

of the Debtors or their estates are adversely affected by this engagement.

- (h) The Advisor is currently engaged to provide financial advisory services to the Official Committee of Unsecured Creditors of Evergreen Solar, Inc. One of the members of such committee is Computershare Trust Company, which is a PII. The engagement is wholly unrelated to the Debtors and these Chapter 11 proceedings, and the Advisor does not believe the interests of the Debtors or their estates are adversely affected by this engagement.
- (i) The Advisor has been engaged to provide financial advisory services to Weil, Gotshal & Manges LLP as counsel, to the General Electric Capital Corporation, Inc. as owner and a PII, and certain Homer City Lessor entities. The engagement is wholly unrelated to the Debtors and these Chapter 11 proceedings, and the Advisor does not believe the interests of the Debtors or their estates are adversely affected by this engagement.

6. The Advisor currently holds no direct or indirect interest in any debt or equity securities of the Debtors.

7. The Advisor has performed reasonable due diligence for possible conflicts with PII in the Debtors' Chapter 11 cases. The following is a list of the categories that the Advisor has searched with respect to the PII:

- (a) Officers and Directors (2009 to Present) (includes non-executive officers and general managers of subsidiaries);
- (b) Affiliations of Directors (Board Memberships, Charitable Organizations, etc.);
- (c) Subsidiaries;
- (d) Five Percent and Greater Shareholders and Beneficial Owners (as of March 15, 2012);
- (e) Significant Business Partners;
- (f) Attorneys, Professionals and Financial Advisors (Including Accountants and Investment Banks);
- (g) Significant Financial Institutions (Including Administrative Agents, Lenders and Equipment Financing);
- (h) Significant Equipment Lessors;
- (i) Significant Landlords and Lessors;

- (j) Unions;
- (k) Letter of Credit and Surety Bond Providers and Beneficiaries;
- (l) Significant Taxing Authorities;
- (m) Regulatory Agencies (e.g., Department of Interior, Mine Safety Administration, OSHA, and State and Local Regulators);
- (n) Parties to Significant Litigation;
- (o) Significant Suppliers, Shippers, Warehousemen, Customers and Vendors;
- (p) Insurers;
- (q) United States Trustee's Office;
- (r) Top Five Secured Creditors;
- (s) Top 50 Unsecured Creditors;
- (t) Utilities;
- (u) Notice of Appearance Parties;
- (v) Professionals Representing Any of the Foregoing in Relation to Patriot.

8. The list of PII was provided by the Debtors and may have changed without our knowledge and may change during the term of the Debtors' Chapter 11 cases. The Advisor will update this Declaration should it be learned that a relationship should be disclosed and a supplemental Declaration with such disclosure shall be filed.

9. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.



Dated: July 19, 2012

/s/ Robert J. Gentile  
Robert J. Gentile  
Vice President, Legal and Compliance Department  
Blackstone Advisory Partners L.P.

**Schedule 1 to the Gentile Declaration**

**PATRIOT COAL: PARTIES IN INTEREST**

***Officers and Directors (2009 to Present)***  
***(includes non-executive officers and general managers of subsidiaries)***

Adorjan, J. Joe  
Bean, Joseph W.  
Bennett, Robert W.  
Brandt, Philip A.  
Brown, B. R.  
Day, Michael D.  
Ebetino, Charles A.  
Engelhardt, Irl F.  
Hartsog, Kent E.  
Hatfield, Bennett K.  
Hudson, Terry G.  
Johnson, Michael P.  
Jones, Jacquelyn A.  
Jones, John R.  
Longoria, Janeice M.  
Lucha, Dale F.  
Lushefski, John E.  
Magro, James N.  
Mead, Robert L.  
Millburg, Lawrence J.  
Scharf, Michael M.  
Schnapp, Paul A.  
Schroeder, Mark N.  
Viets, Robert O.

***Affiliations of Directors (Board Memberships, Charitable Organizations, etc.)***

Adven Capital  
Bates Sales Company  
Beaucoup Farms LLC  
Buffalo Wild Wings, Inc.  
CenterPoint Energy, Inc.  
Delta Trust & Bank  
Engelhardt Family Foundation  
Foundation for Pinckneyville, Illinois  
Freedom Group, Inc.  
Friends of KWMU  
Galveston Bay Foundation  
Greater Houston Partnership  
Gulf Coast Health Services Steering Committee  
Healthcare Service Corporation  
Heritage Society  
The Hungary-Missouri Educational Partnership  
Illinois Rural Heritage Museum  
J&A Group  
MD Anderson Services Corporation

Ogden, Gibson, Broocks, Longoria & Hall  
L.L.P.  
Oklahoma Conference for Community & Justice  
Phillips Theological Seminary  
Port of Houston Authority  
QuikTrip Corporation  
Ranken Technical College  
Remington Arms Company, Inc.  
Renewable Energy Group, Inc.  
The Rumson Country Day School  
RLI Corp.  
Saint Louis University  
Texas Medical Center  
Tiger Woods Foundation  
UTIMCO  
White Walnut Farms LLC

***Subsidiaries***

Affinity Mining Company  
Apogee Coal Company, LLC  
Appalachia Mine Services, LLC  
Beaver Dam Coal Company, LLC  
Big Eagle, LLC  
Big Eagle Rail, LLC  
Black Stallion Coal Company, LLC  
Black Walnut Coal Company  
Bluegrass Mine Services, LLC  
Brook Trout Coal, LLC  
Catenary Coal Company, LLC  
Central States Coal Reserves of Kentucky, LLC  
Charles Coal Company, LLC  
Cleaton Coal Company  
Coal Clean LLC  
Coal Properties, LLC  
Coal Reserve Holding Limited Liability  
Company No. 2  
Colony Bay Coal Company  
Cook Mountain Coal Company, LLC  
Corydon Resources LLC  
Coventry Mining Services, LLC  
Coyote Coal Company LLC  
Cub Branch Coal Company LLC  
Dakota LLC  
Day LLC  
Dixon Mining Company, LLC  
Dodge Hill Holding JV, LLC  
Dodge Hill Mining Company, LLC  
Dodge Hill of Kentucky, LLC  
EACC Camps, Inc.  
Eastern Associated Coal, LLC  
Eastern Coal Company, LLC

Eastern Royalty, LLC  
Emerald Processing, L.L.C.  
Gateway Eagle Coal Company, LLC  
Grand Eagle Mining, LLC  
Heritage Coal Company LLC  
Highland Mining Company, LLC  
Hillside Mining Company  
Hobet Mining, LLC  
Indian Hill Company LLC  
Infinity Coal Sales, LLC  
Interior Holdings, LLC  
IO Coal LLC  
Jarrell's Branch Coal Company  
Jupiter Holdings LLC  
Kanawha Eagle Coal, LLC  
Kanawha River Ventures I, LLC  
Kanawha River Ventures II, LLC  
Kanawha River Ventures III, LLC  
KE Ventures, LLC  
Little Creek LLC  
Logan Fork Coal Company  
Magnum Coal Company LLC  
Magnum Coal Sales LLC  
Martinka Coal Company, LLC  
Midland Trail Energy LLC  
Midwest Coal Resources II, LLC  
Mountain View Coal Company, LLC  
Newtown Energy, Inc.  
New Trout Coal Holdings II, LLC  
North Page Coal Corp.  
Ohio County Coal Company, LLC  
Panther LLC  
Patriot Beaver Dam Holdings, LLC  
Patriot Coal Company, L.P.  
Patriot Coal Receivables (SPV), Ltd.  
Patriot Coal Sales LLC  
Patriot Coal Services LLC  
Patriot Leasing Company LLC  
Patriot Midwest Holdings, LLC  
Patriot Reserve Holdings, LLC  
Patriot Trading LLC  
Patriot Ventures LLC  
PCX Enterprises, Inc.  
Pine Ridge Coal Company, LLC  
Pond Creek Land Resources, LLC  
Pond Fork Processing LLC  
Remington Holdings LLC  
Remington II LLC  
Remington LLC  
Rhino Eastern LLC  
Rivers Edge Mining, Inc.  
Robin Land Company, LLC  
Sentry Mining, LLC  
Snowberry Land Company  
Speed Mining LLC  
Squaw Creek Coal Company

Sterling Smokeless Coal Company, LLC  
TC Sales Company, LLC  
Tecumseh Coal Corporation  
The Presidents Energy Company LLC  
Thunderhill Coal LLC  
Trout Coal Holdings, LLC  
Union County Coal Co., LLC  
Viper LLC  
Weatherby Processing LLC  
White Stallion Coal, LLC  
Wildcat, LLC  
Wildcat Energy LLC  
Will Scarlet Properties LLC  
Winchester LLC  
Winifrede Dock Limited Liability Company  
WWMV, LLC  
Yankeetown Dock, LLC

***Five Percent and Greater Shareholders and Beneficial Owners (as of March 15, 2012)***

BlackRock, Inc.  
State Street Corporation  
The Vanguard Group, Inc.

***Significant Business Partners***

American Patriot Mining, LLC  
RWMV, LLC  
Rhino Energy WV LLC

See Significant Suppliers, Shippers,  
Warehousemen, Customers and Vendors for list  
of agents.

***Attorneys, Professionals and Financial Advisors (Including Accountants and Investment Banks)***

Allen Guthrie & Thomas  
AlixPartners  
Arnold & Porter, LLP  
American Stock Transfer & Trust Company,  
LLC  
AST Fund Solutions, LLC  
Banc of America Securities LLC  
Bank of America Corporation  
Barclays Capital Inc.  
Boehl, Stopher & Graves  
Bowen Engineering Corp.  
Bowles Rice McDavid Graff & Love LLP  
Broadridge Financial Solutions, Inc.  
Buchanan, Ingersoll & Rooney  
Bryan Cave, LLP  
CH2M Hill Engineers  
Citibank, National Association

Citigroup CIB  
Citigroup Global Markets, Inc.  
Computershare  
Davis Polk & Wardwell LLP  
Depository Trust and Clearing Corporation  
Dinsmore & Shohl LLP  
Duff & Phelps Corporation  
Ernst & Young LLP  
Equity Methods  
FBR Capital Markets & Co.  
Ferreri & Fogle  
Fifth Third Securities, Inc.  
Flaherty, Sensabaugh & Bonasso  
GCG Inc.  
Georgeson Inc.  
Gordon Law Offices, PSC  
Greenberg & Traurig  
Greensfelder, Hemker & Gale, P.C.  
Husch Blackwell  
IBM  
Jackson Kelly PLLC  
Kohn, Shands, Elbert, Gianoulakis & Giljum,  
LLP  
KPMG LLP  
Lewis Glasser Casey & Rollins, PLLC  
Mercer  
Merrill Lynch  
Milliman  
Morris, Nichols, Arsht & Tunnell LLP  
Natixis Securities Americas LLC  
Neal, Gerber & Eisenberg LLP  
Ogletree Deakins  
Oliver Wyman  
PNC Capital Markets, LLC  
Protiviti  
Robinson & McElwee, PLLC  
RR Donnelly  
Sandberg Phoenix & Von Gontard P.C.  
Santander Investment Securities, Inc.  
SG Americas Securities, LLC  
Shuman, McCuskey & Slicer, PLLC  
Smith Moore Leatherwood LLP  
SNR Denton  
Sorling, Northrup, Hanna, Cullen & Cochran,  
Ltd.  
Steptoe & Johnson, PLLC  
Summit Strategies Group  
The Blackstone Group LP  
Thompson Coburn  
Towers Watson  
UBS Investment Bank  
Veritas Consulting/Richard Verheij  
WebFilings  
White & Risse  
Wilmington Trust Company  
Zenon Environmental Corp d/b/a GE Water

Ziemer, Stayman, Weitzel & Shoulders, LLP

***Significant Financial Institutions (Including  
Administrative Agents, Lenders and  
Equipment Financing)***

Bank of America, N.A.  
Bank of Oklahoma, N.A.  
Barclays Bank PLC  
Caterpillar Financial Services Corp.  
Citigroup Global Markets Inc.  
Comerica  
Fifth Third Bank  
M&I Bank (Southwest Bank of St Louis)  
Natixis, New York Branch  
PNC Bank  
Raymond James Bank  
RZB Bank  
Societe Generale (SocGen)  
Sovereign Bank  
The Private Bank  
UBS  
United Overseas Bank

***Significant Equipment Lessors***

AmerCable Incorporated  
BancorpSouth Equipment Finance  
Bank of America Leasing  
Bank of the West  
Black Equipment Co, Inc.  
BMO Harris Equipment Finance  
California First National Bank  
Capitalsource Bank  
Caterpillar Financial Services Corporation  
Cecil I. Walker Machinery Co.  
CitiCapital Commercial Leasing Corporation  
DBT America Inc.  
The Fifth Third Leasing Company  
First National Capital Corp.  
Fifth Third Bank  
First Utah Bank  
Flagstar Bank, FSBGelco Corporation DBA GE  
Fleet Services  
General Electric Capital Corporation  
Gibbs Technology Leasing  
Hawthorn Bank  
The Huntington National Bank  
ICON Investments  
ICON Magnum, LLC  
Joy Technologies Inc.  
Key Equipment Finance Inc.  
Komatsu Financial Limited Partnership  
Macquarie Corporate and Asset Funding, Inc.  
Mazuma Capital Corp  
Merrill Lynch Capital

Mitel Leasing, Inc.  
Motion Industries, Inc.  
Nations Fund I, Inc.  
PEC Equipment Company, LLC (Peabody)  
People's Capital and Leasing Corp.  
Prime Alliance Bank  
RBS Asset Finance, Inc.  
Relco Finance, Inc.  
Renaissance Capital Alliance  
Republic Bank, Inc.  
Rish Equipment Company  
Ritchie Bros. Auctioneers (America) Inc.  
Rudd Equipment Company  
SG Equipment Finance USA Corp  
Siemens Financial Services, Inc.  
Somerset Capital Group, LTD  
United Leasing, Inc.  
Wire Rope Industries Ltd.

***Significant Landlords and Lessors***

ACIN  
Alcoa Fuels, Inc.  
Alderson Heirs  
Allegheny Land  
Ark Land KH  
Berwind Land Company  
BGK –Integrated TIC Management, LLC  
Black King  
Blue Eagle  
Boone East  
Boone East Development  
CC Dickinson Testamentary Trust  
Central WV Energy  
Chesapeake Mining  
Cole & Crane  
Courtney Co.  
David Olliver, Agent  
Donald Greenwell  
Duke Realty  
Elk Run  
Federal Coal  
Gerald Greenwell  
Greenbrier Land Co.  
Hoover  
Hoover LaFollette  
Horse Creek Coal Land Co.  
Horse Creek Land and Mining  
Imperial Coal Company  
Jackson Vinson  
James M. Greenwell  
Johnny Royster  
Kay-Ford-JamesLawson Heirs  
Lewis Heirs  
Little Coal Land Co.  
LRPB

LRPB KE  
Mariam Peak  
Midwest Coal Reserves of Ky., LLC  
Miller-Gilman  
Mohler Lumber  
Mounts & Dannheiser, LLC  
Pardee  
Payne Gallatin  
Penn Virginia f/k/a Penn Virginia Operating Co.,  
LLC  
Pocahontas Land  
Potter Family, LLC  
Potter Grandchildren, LLC  
Quincy Center  
Rowland Land  
Shepard Boone  
William H. Shields  
Shonk  
So. Appalachian  
Southern Dickinson  
Southern Land Co.  
SRIR (Pocahontas Land)  
Tennessee Valley Authority  
Tommy Long  
Ward Heirs  
Westvarendrag  
WPP LLC

***Unions***

United Mine Workers of America  
Bituminous Coal Operators' Association

***Letter of Credit and Surety Bond Providers and Beneficiaries***

Department of Labor  
Peabody Energy Corp.

**Surety Issuers**

ACE American Insurance Company  
American Casualty Company of Reading,  
Pennsylvania  
Aspen American Insurance Company  
Aspen Specialty Insurance Company  
Argonaut Insurance Company  
Chubb Group of Insurance Companies  
Chubb Surety  
CNA Surety  
Continental Casualty Company  
Bond Safeguard  
Federal Insurance Company  
Firemen's Insurance Company of Newark, New  
Jersey  
HCC Surety Group  
Indemnity Insurance Company of North America

Indemnity National Insurance Company  
Insurance Company of North America  
Lexon  
Liberty  
National Fire Insurance Company of Hartford  
Pacific Employers Insurance Company  
Rockwood  
St. Paul/Seaboard  
St. Paul Fire & Marine  
Surety Bonding Company of America  
The Continental Insurance Company  
Travelers Casualty and Surety Company of  
America  
US Specialty  
Universal Surety Company of America  
Westchester Fire Insurance Company  
Western Surety Company

Surety Obligees

Henderson County, Kentucky  
Illinois Department of Mines and Minerals  
Indiana State Agency  
Kentucky Dept. for Natural Resources: Division  
of Mine Reclamation & Enforcement  
Kentucky State Agency  
Missouri State Agency  
Ohio Department of Natural Resources;  
Reclamation Division  
West Virginia Department of Natural Resources  
West Virginia, Department of Transportation  
West Virginia Division of Environmental  
Protection  
West Virginia State Agency  
WV Hwy

Letters of Credit Providers

Bank of America  
Fifth Third Bank  
PNC

Letters of Credit Beneficiaries

Arch Coal, Inc.  
Argonaut Insurance Co  
Bond Safeguard/LEXON  
CAT Financial Svcs  
Clerk of Ct, US Dist Ct for WV  
Commonwealth of KY  
Commonwealth of PA  
Federal Ins Co/CHUBB  
First Surety Corp  
ILL Workers Comp  
Indemnity Natl Ins Co  
Ins Commissioner of WV  
Kenegy Corp  
National Fire Insurance  
National Union Fire Ins

Norfolk Southern  
Old Republic Insurance  
Travelers Casualty  
UMWA 1992 Benefit Plan  
US Surety Co  
Western Surety C.N.A.

***Significant Taxing Authorities***

Internal Revenue Service  
Boone County, WV  
Clay County, WV  
Commonwealth of Kentucky  
Henderson County, KY  
Lincoln County, WV  
Logan County, WV  
Kanawha County, WV  
Monongalia County, WV  
State of Illinois  
State of Indiana  
State of Missouri  
State of Pennsylvania  
State of West Virginia  
Union County, KY

***Regulatory Agencies (e.g., Department of  
Interior, Mine Safety Administration, OSHA,  
and State and Local Regulators)***

Environmental Protection Agency  
Illinois Department of Natural Resources  
Illinois Environmental Protection Agency  
Illinois Pollution Control Board  
Kentucky Department for Environmental  
Protection  
Kentucky Department for Natural Resources  
Kentucky Office of Mine Safety and Licensing  
Mine Safety and Health Administration  
Occupational Safety and Health Administration  
Office of Surface Mining Reclamation and  
Enforcement  
Ohio Department of Natural Resources  
Pennsylvania Department of Environmental  
Protection  
U.S. Army Corps of Engineers  
U.S. Bureau of Alcohol, Tobacco, and Firearms  
U.S. Bureau of Land Management  
U.S. Department of Interior  
U.S. Department of Labor  
West Virginia Department of Environmental  
Protection  
West Virginia Office of Miners' Health Safety &  
Training

***Parties to Significant Litigation***

Bridgehouse Capital Limited

Bridgehouse Commodities Trading Limited  
Environmental Protection Agency  
Keystone Industries, LLC  
Sierra Club  
Sentrum Holdings Limited  
State of Illinois; Illinois Attorney General's  
Office  
State of West Virginia  
Ohio Valley Environmental Coalition, Inc.  
U.S. Attorney's Office  
West Virginia Department of Environmental  
Protection  
West Virginia Highlands Conservancy, Inc.

***Significant Suppliers, Shippers,  
Warehousemen, Customers and Vendors***

Alpha Coal Sales Co. LLC  
American Electric Power Co., Inc  
Anders Williams Resources, Inc.  
Appalachian Power Co.  
Bayer CropScience LP  
Big Rivers Electric Corp.  
Blue Cross Blue Shield  
Bridgehouse Commodities Trading Limited  
Brody Mining, LLC  
Carbofer Representacoes Ltda.  
Cardinal Operating Company  
Caremark  
Caterpillar Global Mining America  
Cecil I. Walker Machinery Co.  
Clay's Trucking  
Coal Network Inc.  
Constellation Energy Commodities  
CSX Transportation, Inc.  
Dan River Resources LLC  
Dekoven Dock, Incorporated  
Drummond Coal Sales, Inc.  
DTE Energy Company  
Duke Energy Carolinas LLC  
Duke Energy Commercial Asset Management  
Duke Energy Kentucky, Inc.  
E. On Ag  
Eagle Valley, Inc.  
East Kentucky Power Cooperative  
Eastman Kodak Co.  
EDF Trading North America, LLC/EDF Trading  
Limited  
Emerald International  
GenOn Energy Management, LLC  
Gerdau Acominas S.A.  
Gulf Power Company  
Home Oil & Gas  
Hunter Trucking  
IBM

ILVA Spa  
Jennmar Corporation  
JMAC Leasing Inc.  
Joy Mining Machinery  
Kanawha River Terminals, LLC  
Kentucky Utilities Co.  
Keystone Industries  
Komsa Sarl  
Long Branch Energy  
Louisville Gas and Electric Comp  
Magnum Coal Co.  
Mercuria Energy Trading, Inc.  
Middletown Coke Company, LLC  
Mirant Energy Trading, LLC  
Monk Mining  
Mountain State Carbon, LLC  
Neville Island Fuels Company, LLC  
Nelson Brothers LLC  
Norfolk Southern Railway Company  
Owensboro Municipal Utilities  
Peabody COALTRADE, LLC  
Peabody Energy Corp.  
Peabody Terminals, LLC  
Penn Virginia Resource Partners, L.P.  
Petroleum Products Inc.  
Phillips Machine Service Inc.  
PPL EnergyPlus, LLC  
PPL Generation, LLC  
PowerSouth Energy Cooperative  
Production Adjustment  
Progress Energy Carolinas, Inc.  
Raleigh Mine & Industrial Supply  
Reiss Viking Division  
Relco Finance, Inc.  
Rish Equipment  
River Trading Company  
RWE Trading Americas Inc.  
Sandvik Mining and Construction  
Selah Corp.  
Shenango Inc.  
Shinewarm Resources (HK) Group Limited  
Southern Company  
SunCoke Energy  
Tata Steel UK Limited  
ThyssenKrupp CSA Siderurgica  
Trafigura AG  
United Central Industrial Supply  
USIMINAS  
U.S. Steel Corp.  
The Vanguard Group  
Vanomet International AG  
Veyance Industrial Services  
Vitol, Inc.  
Webster Trucking  
White River Coal Sales, Inc.  
Xcoal Energy & Resources

Zug Island Fuels, LLC

See also Significant Landlords and Lessors,  
Significant Attorneys, Professionals and  
Financial Advisors and Significant Equipment  
Lessors

***Insurers***

Brokers

Aon Risk  
Marsh USA  
Willis of Tennessee

Underwriters

ACE  
AIG  
Allied World Assurance Company  
Allied World National Assurance Company  
Arch Specialty  
Argo QS  
ARISE Inc.  
Aspen Bermuda Ltd  
Aspen Specialty Insurance Company  
Aspen Insurance UK Limited  
Axis Insurance (Bermuda) Ltd  
Axis Insurance Company  
Axis Surplus Insurance Company  
Berkley  
Chartis  
Chubb  
CNA  
Endurance American Insurance Company  
Hartford  
Hiscox  
Ironshore  
Iron-Starr  
HCC  
Liberty International Underwriters  
Liberty Mutual Insurance Europe Limited  
MJB Consulting  
RSUI  
XL  
XL UK  
XL Specialty  
Zurich

***United States Trustee's Office***

Office of the United States Trustee for the  
Districts of New York, Connecticut & Vermont  
Abriano, Victor  
Brooks, Catletha  
Catapano, Maria  
Choy, Danny A.  
Crowder, Stephanie B.

Davis, Tracy Hope  
Driscoll, Michael  
Dub, Elizabeth C.  
Felton, Marilyn  
Fields, Myrna R.  
Gasparini, Elisabetta  
Golden, Susan  
Khodorovsky, Nazar  
Martin, Marylou  
Martinez, Anna M.  
Masumoto, Brian S.  
Mendoza, Ercilia A.  
Moroney, Mary V.  
Morrissey, Richard C.  
Nadkarni, Joseph  
Nakano, Serene  
Nguyen, Savitri  
Porter, Carol A.  
Riffkin, Linda A.  
Schwartz, Andrea B.  
Schwartzberg, Paul K.  
Segreto, John  
Sharp, Sylvester  
Velez-Rivera, Andy  
Weston, Jennifer L.  
Zipes, Greg M.

***Top Five Secured Creditors***

BancorpSouth Equipment Finance  
Bank of America  
Bank of America Leasing  
Bank of the West  
BMO Harris Equipment Finance Company  
Caterpillar Financial Services Corp.  
Fifth Third Bank  
Fifth Third Leasing Company  
General Electric Capital Corp.  
Key Equipment Finance Inc.  
Komatsu Financial Limited Partnership.  
People's Capital & Leasing Corp.  
SG Equipment Finance  
Siemens Financial Services  
Somerset Capital Group, Ltd.  
United Leasing, Inc.

***Top 50 Unsecured Creditors***

AFCO  
Allegheny Power  
Alley Trucking LLC  
Alpha Natural Resources, Inc.  
Americable Incorporated  
American Electric Power  
American Freedom Innovations LLC  
Bank of the West



Bentley Badgett II and Linda Badgett  
CapitalSource Bank  
Caterpillar Global Mining  
Cecil I. Walker Machinery Co.  
Chisler Brothers Contracting LLC  
Chisler Inc.  
Coalfield Services Inc.  
Cogar Manufacturing Inc.  
CSX Transportation Inc.  
Dayton Power & Light  
Environmine Inc  
Fifth Third Leasing Company  
Flomin Coal Inc.  
GE Capital TMS  
I.B.M. Corp.  
Industrial Supply Solutions Inc.  
J. H. Fletcher & Co.  
Jabo Supply Corp  
Jennmar Corporation  
JMAC Leasing Inc  
Joy Mining Machinery  
Komatsu Financial Limited Partnership  
Logan Corp.  
Longwall Associates, Inc.  
Mine Equipment & Mill Supply Co.  
Monk Mining Supply, Inc.  
Nelson Brothers LLC  
Penn Virginia Operating Co LLC  
Phillips 66 Receivable  
Powell Construction Co., Inc.  
Raleigh Mine & Industrial  
RBS Asset Finance, Inc.  
Richard Whiting  
Rish Equipment Co.  
SGS North America Inc.  
Shonk Land Company LLC  
Somerset Capital Group, Ltd.  
Suncrest Resources LC  
United Central Industrial Supply  
United Leasing, Inc.  
U.S. Bank National Association  
Wilmington Trust Company

Dish Network  
Dominion Hope  
Eldon Gas Company  
Fiberlink Communications Corp.  
Frontier  
Henderson County Water District  
Huntington Technology Group Inc.  
Kanawha Public Service District  
Kenergy Corp.  
Kentucky Utilities Co  
Lumos Networks Inc  
Monongahela Power Company  
Mountaineer Gas  
Ohio Valley Answering Service  
Q Wireless LLC  
Rea Energy Cooperative Inc  
Republic Services  
SouthEastern Illinois Electric  
Suddenlink  
Tangoe Inc  
Telemax Services  
Time Warner Cable  
Union County Water District  
US Cellular  
Valley Falls Public Service Dist  
Verizon  
Verizon North  
Waste Management of WV, Inc.  
West Penn Power Company  
West Side Telecommunications  
West Virginia American Water Co  
Windstream

***Utilities***

Allegheny Power  
American Electric Power  
Aquis Communications  
AT&T  
AT&T Mobility  
AT&T Teleconference Services  
Buffalo Creek PSD  
City of Morganfield  
City of Uniontown  
Citynet, LLC  
Clay-Battelle Public Service District

*Notice of Appearance Parties*

*Professionals Representing Any of the Foregoing in Relation to Patriot*

Cleary, Gottlieb, Steen & Hamilton LLP  
Latham & Watkins LLP  
Ogletree, Deakins, Nash, Smoak & Stewart, P.C.  
Weil, Gotshal & Manges