

Objection Deadline: July 26, 2012 at 4:00 p.m. (prevailing Eastern Time)
Hearing Date (if necessary): August 2, 2012 at 2:00 p.m. (prevailing Eastern Time)

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

In re:

PATRIOT COAL CORPORATION, et al.,

Debtors.¹

Chapter 11

Case No. 12-12900 (SCC)

(Jointly Administered)

**APPLICATION OF THE DEBTORS FOR AUTHORITY TO
EMPLOY AND RETAIN DAVIS POLK & WARDWELL LLP
AS ATTORNEYS FOR THE DEBTORS
NUNC PRO TUNC TO THE PETITION DATE**

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

Relief Requested

1. By this application (the “**Application**”), the Debtors seek an order in the form attached hereto as Exhibit A (the “**Order**”) authorizing the Debtors, pursuant to section 327(a) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), to retain and employ Davis Polk & Wardwell LLP (“**Davis Polk**”), *nunc pro tunc* to the Petition Date (as defined below), as their attorneys to perform the legal services that will be required during these chapter 11 cases. The Debtors request that the Court approve the employment of Davis Polk under the terms and conditions set forth in this Application, as more fully described in the Declaration of Marshall S. Huebner, a partner of Davis Polk, annexed hereto as Exhibit B (the “**Huebner Declaration**”).

¹ 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.

Background and Jurisdiction

2. 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.

3. 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 Coal Corporation’s Senior Vice President and Chief Financial Officer, filed July 9, 2012 [ECF No. 4], which is incorporated herein by reference.

4. 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.

Discussion

5. The Debtors have been informed that the Davis Polk attorneys who will be engaged in these chapter 11 cases are admitted to practice before this Court or shall, as necessary, seek to be admitted *pro hac vice*.

6. The Debtors have selected Davis Polk as their attorneys because of the firm’s extensive experience and knowledge in both corporate transactional work and in litigation, and, in particular, because of Davis Polk’s recognized expertise in bankruptcy and restructuring, credit, corporate finance, capital markets, mergers and acquisitions, tax, executive compensation and employee benefits, equipment financing and many other areas. Davis Polk has been actively involved in a wide variety of major chapter 11 cases,

including (in the last four years): *In re Pinnacle Airlines Corp.*, Case No. 12-11343 (Bankr. S.D.N.Y. Apr. 1, 2012); *In re Eastman Kodak Co.*, Case No. 12-10202 (Bankr. S.D.N.Y. Jan. 19, 2012); *In re Coach Am. Group Holdings Inc.*, Case No. 12-10010 (Bankr. D. Del. Jan. 3, 2012); *In re AMR Corp.*, Case No. 11-15463 (Bankr. S.D.N.Y. Nov. 29, 2011); *In re NewPage Corp.*, Case No. 11-12804 (Bankr. D. Del. Sept. 7, 2011); *In re Sbarro, Inc.*, Case No. 11-11527 (Bankr. S.D.N.Y. Apr. 4, 2011); *In re The Great Atl. & Pac. Tea Co., Inc.*, Case No. 10-24549 (Bankr. S.D.N.Y. Dec. 12, 2010); *In re Credit-Based Asset Servicing and Securitization LLC*, Case No. 10-16040 (Bankr. S.D.N.Y. Nov. 12, 2010); *In re Nexity Financial Corp.*, Case No. 10-12293 (Bankr. D. Del. July 22, 2010); *In re Affiliated Media Inc.*, Case No. 10-10202 (Bankr. D. Del. Jan. 22, 2010); *In re Mesa Air Group, Inc.*, Case No. 10-10018 (Bankr. S.D.N.Y. Jan. 5, 2010); *In re Capmark Financial Group Inc.*, Case No. 09-13684 (Bankr. D. Del. Oct. 25, 2009); *In re Cooper-Standard Holdings Inc.*, Case No. 09-12743 (Bankr. D. Del. Aug. 3, 2009); *In re AbitibiBowater Inc.*, Case No. 09-11296 (Bankr. D. Del. Apr. 16, 2009); *In re BI-LO LLC*, Case No. 09-02140 (Bankr. D.S.C. Mar. 23, 2009); *In re BearingPoint, Inc.*, Case No. 09-10691 (Bankr. S.D.N.Y. Feb. 18, 2009); *In re Star Tribune Holdings Corp.* Case No. 09-10244 (Bankr. S.D.N.Y. Feb. 6, 2009); *In re Lyondell Chemical Co.*, Case No. 09-10023 (Bankr. S.D.N.Y. Jan. 6, 2009); *In re Tribune Co.*, Case No. 08-13141 (Bankr. D. Del. Dec. 8, 2008); *In re Washington Mutual, Inc.*, Case No. 08-12229 (S.D.N.Y. Sept. 26, 2008); *In re Lehman Brothers Holdings Inc.*, Case No. 08-13555 (Bankr. S.D.N.Y. Sept. 15, 2008); *In re WCI Communities, Inc.*, Case No. 08-11643 (Bankr. D. Del. Aug. 4, 2008); *In re Frontier Airlines Holdings, Inc.*, Case No. 08-11298 (Bankr. S.D.N.Y. May 2, 2008).

7. Davis Polk is also intimately familiar with the Debtors' businesses and financial affairs and is well qualified to provide the services required by the Debtors in their chapter 11 cases. Davis Polk has represented Patriot since 2007 on a wide variety of matters. Davis Polk has also provided extensive advice to the Debtors for the last several months with respect to their restructuring alternatives and debt obligations, and has performed services necessary to enable the Debtors to file for protection under chapter 11. Davis Polk, along with the Debtors, was primarily responsible for the preparation of the chapter 11 petitions, initial motions and applications relating to these chapter 11 cases and their commencement. Accordingly, Davis Polk has significant relevant experience with the Debtors to deal effectively and efficiently with the primary legal issues and problems likely to arise in the context of the Debtors' chapter 11 cases.

8. The Debtors believe that Davis Polk is both well qualified and uniquely able to represent them in their chapter 11 cases in an efficient and effective manner. If the Debtors are required to retain lead counsel other than Davis Polk in connection with the prosecution of their chapter 11 cases, the Debtors, their estates and all parties in interest will be unduly and materially prejudiced, including by the time and expense necessary to enable other counsel to become familiar with the Debtors' businesses, operations and restructuring needs.

Scope of Services

9. The services of Davis Polk are appropriate and necessary to enable the Debtors to execute their duties as debtors and debtors in possession faithfully and to implement the restructuring and reorganization of the Debtors. Subject to further order of this Court, it is proposed that Davis Polk be employed to render such legal services as may

be requested by the Debtors and able to be performed by Davis Polk, including, without limitation:

- (a) to prepare and file on behalf of the Debtors all necessary or appropriate motions, applications, answers, orders, reports and other papers in connection with the administration of the Debtors' estates;
- (b) to counsel the Debtors with regard to their rights and obligations as debtors in possession, and their powers and duties in the continued management and operations of their businesses and properties;
- (c) to provide advice, representation and preparation of necessary documentation and pleadings and take all necessary or appropriate actions in connection with debt restructuring, statutory bankruptcy issues, postpetition financing, securities laws, real estate, employee benefits, environmental, business and commercial litigation, corporate and tax matters and, as applicable, asset dispositions;
- (d) to take all necessary or appropriate actions to protect and preserve the Debtors' estates, including the prosecution of actions on the Debtors' behalf, the defense of any actions commenced against the Debtors, the negotiation of disputes in which the Debtors are involved, and the preparation of objections to claims filed against the Debtors' estates;
- (e) to take all necessary or appropriate actions in connection with any chapter 11 plan, all related disclosure statements and all related documents, and such further actions as may be required in connection with the administration of the Debtors' estates; and

(f) to act as general bankruptcy counsel for the Debtors and perform all other necessary or appropriate legal services in connection with these chapter 11 cases.

10. Contemporaneously herewith, the Debtors are applying to this Court to retain Curtis Mallet-Prevost, Colt & Mosle LLP (“**Curtis**”) as conflicts counsel to represent the Debtors during these chapter 11 cases with respect to matters that may arise for which Davis Polk cannot or will not represent the Debtors because of actual or potential conflicts of interest. To minimize costs, Davis Polk has been working and will continue to work closely with the Debtors, Curtis, and each of the Debtors’ other retained professionals to clearly delineate each professional’s respective duties and to prevent unnecessary duplication of services whenever possible.

Compensation

11. For the services rendered by Davis Polk, the Debtors propose to pay Davis Polk at rates that reflect a negotiated discount from the rates that Davis Polk customarily charges other clients for work of this type, and to reimburse Davis Polk according to its customary reimbursement policies (subject to the limitations of local bankruptcy rules), and respectfully submit that such rates and policies are reasonable. The applicable rates for timekeepers on this matter are set forth in the Huebner Declaration. Davis Polk adjusts its rates periodically, generally on January 1 of each year.

12. As of the filing of these cases, Davis Polk was not a creditor of the Debtors. After giving effect to the application of its final prepetition charges, Davis Polk now holds a retainer in the approximate amount of \$950,000. Davis Polk will apply such retainer first, against any remaining, unpaid prepetition fees and expenses, and then, against the

first bill rendered by Davis Polk to the Debtors for postpetition fees and expenses incurred by the Debtors with respect to these chapter 11 cases.

13. The Debtors understand that, in connection with the reimbursement of reasonable and necessary expenses, it is Davis Polk's policy to charge its clients for certain expenses incurred in connection with providing certain client services, including travel, lodging, photocopying, postage, vendor charges, delivery service and other expenses incurred in providing professional services. Davis Polk intends to seek reimbursement for expenses incurred in connection with the representation of the Debtors in accordance with Davis Polk's policy, subject to modification as may be required by 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), any order entered in these chapter 11 cases establishing procedures for interim monthly compensation and reimbursement of expenses of professionals, and the United States Trustee Guidelines (collectively, the "**Fee Guidelines**") and any applicable orders of the Court.

14. All of Davis Polk's fees and expenses incurred during these chapter 11 cases will, except as may otherwise be ordered by the Court, be subject to approval of the Court upon proper application by Davis Polk in accordance with the Fee Guidelines.²

² Contemporaneously herewith, the Debtors are, by motion, requesting an Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals, by which Davis Polk and other professionals would be compensated on an interim basis.

Davis Polk's Disinterestedness

15. To the best of the Debtors' knowledge, Davis Polk and its professionals (i) are "disinterested" as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and, as required by section 327(a) of the Bankruptcy Code, neither hold nor represent any interest adverse to the Debtors and their estates and (ii) except as disclosed in the Huebner Declaration, annexed hereto as Exhibit B, have no relevant connection to the Debtors or to their significant creditors or certain other potential parties in interest whose names were supplied to Davis Polk by the Debtors.

16. The Debtors have been informed that Davis Polk will conduct an ongoing review on each June 30 and December 31 that occurs during the Debtors' cases to ensure that no disqualifying circumstances have arisen, and, if any new facts or relationships that Davis Polk believes should be disclosed to this Court and the parties in interest in these cases are discovered, Davis Polk will file a supplemental disclosure with the Court and serve such supplemental disclosure on the Office of the United States Trustee for the Southern District of New York (the "**U.S. Trustee**"). If any new material, relevant facts or relationships are discovered between the June 30 and December 31 review periods, Davis Polk will promptly file a supplemental disclosure with the Court and serve such supplemental disclosure on the U.S. Trustee.

Notice

17. Consistent with the procedures described in the Order Establishing Certain Notice, Case Management and Administrative Procedures entered by the Court 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). 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.

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No Previous Request

18. 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 is just and proper.

Dated: New York, New York
July 19, 2012

By: /s/ Mark N. Schroeder
Mark N. 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

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

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-12900 (SCC)

(Jointly Administered)

**ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF
DAVIS POLK & WARDWELL LLP AS ATTORNEYS FOR THE DEBTORS
NUNC PRO TUNC TO THE PETITION DATE**

Upon the application (the “**Application**”)² of Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”), pursuant to section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), for authorization to employ and retain Davis Polk & Wardwell LLP (“**Davis Polk**”) as attorneys for the Debtors, pursuant to the terms set forth in the Application; and upon the Declaration of Marshall S. Huebner, a partner of Davis Polk, filed in support of the Application, annexed to the Application as Exhibit B (the “**Huebner Declaration**”); and the Court being satisfied, based on the representations made in the Application and the Huebner Declaration, that Davis Polk and its professionals are “disinterested” as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and, as required by section 327(a) and referenced by section 328(c) of the Bankruptcy Code, neither hold nor represent any interest adverse to the Debtors and

¹ 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.

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

their estates; and upon consideration of the Declaration of Mark N. Schroeder, Patriot Coal Corporation's Senior Vice President and Chief Financial Officer, filed in support of the Debtors' first-day pleadings on July 9, 2012, [ECF No.4]; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.) as amended by Standing Order M-431, dated February 1, 2012 (Preska, C.J.); and consideration of the Application and the requested relief being a core proceeding that the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b); and due and proper notice of the Application having been provided in accordance with the Order Establishing Certain Notice, Case Management and Administrative Procedures entered by the Court on July 16, 2012 [ECF No. 84] and it appearing that no other or further notice need be provided; and the relief requested in the Application being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Application [and having held a hearing with appearances of parties in interest noted in the transcript thereof (the "**Hearing**")]; and the Court having determined that the legal and factual bases set forth in the Application [and at the Hearing] establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application is approved, to the extent provided herein, *nunc pro tunc* to the Petition Date; and it is further

ORDERED that the Debtors are hereby authorized to employ and retain Davis Polk as their attorneys in the Debtors' chapter 11 cases, all as contemplated by the Application and on the terms provided in the Application and the Huebner Declaration; and it is further

ORDERED that Davis Polk is authorized to render the following professional services:

- a. Prepare and file on behalf of the Debtors, as debtors in possession, all necessary or appropriate motions, applications, answers, orders, reports and other papers in connection with the administration of the Debtors' estates;
- b. Counsel the Debtors with regard to their rights and obligations as debtors in possession, and their powers and duties in the continued management and operations of their businesses and properties;
- c. Provide advice, representation and preparation of necessary documentation and pleadings and take all necessary or appropriate actions in connection with debt restructuring, statutory bankruptcy issues, postpetition financing, securities laws, real estate, employee benefits, environmental, business and commercial litigation, corporate and tax matters and, as applicable, asset dispositions;
- d. Take all necessary or appropriate actions to protect and preserve the Debtors' estates, including the prosecution of actions on the Debtors' behalf, the defense of any actions commenced against the Debtors, the negotiation of disputes in which the Debtors are involved, and the preparation of objections to claims filed against the Debtors' estates;
- e. Take all necessary or appropriate actions in connection with any chapter 11 plan, all related disclosure statements and all related documents, and such further actions as may be required in connection with the administration of the Debtors' estates; and
- f. Act as general bankruptcy counsel for the Debtors and perform all other necessary or appropriate legal services in connection with these chapter 11 cases;

and it is further

ORDERED that Davis Polk shall be compensated for its services and reimbursed for any reasonable and necessary expenses and disbursements in accordance with the rates (as adjusted from time to time) and disbursement policies as set forth in the Application, the Huebner Declaration and 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), any order entered in these chapter 11 cases establishing procedures for interim monthly compensation and reimbursement of expenses of professionals, and the United States Trustee Guidelines (collectively, the “**Fee Guidelines**”) and any other applicable orders of this Court; and it is further

ORDERED that Davis Polk shall apply any amounts of its prepetition retainer remaining, after applying such retainer to any remaining, unpaid prepetition amounts, 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 Davis Polk; and it is further

ORDERED that Davis Polk shall file fee applications for interim and final allowance of compensation and reimbursement of expenses pursuant to the Fee Guidelines; and it is further

ORDERED that ten business days’ notice must be provided by Davis Polk to the Debtors, the United States Trustee and any official committee prior to any increases in the

hourly rates set forth in the Huebner Declaration, and such notice must be filed with the Court; and it is further

ORDERED that Davis Polk shall use its best efforts to avoid any inappropriate duplication of services provided by any of the Debtors' other retained professionals in these chapter 11 cases; and it is further

ORDERED that the relief granted herein shall be binding upon any chapter 11 trustee appointed in any of these chapter 11 cases, or upon any chapter 7 trustee appointed in the event of a subsequent conversion of any of these chapter 11 cases to cases under chapter 7; and it is further

ORDERED that Davis Polk shall not withdraw as the Debtors' counsel prior to the effective date of any chapter 11 plan confirmed in these chapter 11 cases without prior approval of this Court in accordance with Local Bankruptcy Rule 2090-1(e); and it is further

ORDERED that to the extent that there may be any inconsistency between the terms of the Application or the Huebner Declaration and this Order, the terms of this Order shall govern; and it is further

ORDERED that the Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order; and it is further

ORDERED that the notice procedures set forth in the Application are good and sufficient notice and satisfy Bankruptcy Rule 9014 by providing the counterparties with a notice and an opportunity to object and be heard at a hearing; and it is further

ORDERED that this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that this Court retains jurisdiction to hear and determine all matters arising from or related to the implementation and/or interpretation of this Order.

Dated: New York, New York

_____, 2012

THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 607-7984
Marshall S. Huebner
Damian S. Schaible
Brian M. Resnick
Michelle M. McGreal

*Proposed Counsel to the Debtors
and Debtors in Possession*

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

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-12900 (SCC)

(Jointly Administered)

**DECLARATION OF MARSHALL S. HUEBNER AND DISCLOSURE
STATEMENT OF DAVIS POLK & WARDWELL LLP IN SUPPORT OF THE
APPLICATION OF THE DEBTORS TO EMPLOY AND RETAIN
DAVIS POLK & WARDWELL LLP AS ATTORNEYS FOR THE DEBTORS**

Marshall S. Huebner declares as follows:

1. I am a partner of the firm of Davis Polk & Wardwell LLP (“**Davis Polk**” or the “**Firm**”), a law firm with its principal office at 450 Lexington Avenue, New York, New York 10017, and other offices in Washington, D.C., Menlo Park, London, Paris, Madrid, São Paulo, Tokyo, Beijing and Hong Kong.

¹ 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.

2. I submit this declaration (the “**Declaration**”) in connection with the application (the “**Application**”), dated July 19, 2012, of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) for approval of the Debtors’ retention of Davis Polk as their attorneys in the above-captioned chapter 11 cases at rates that reflect a negotiated discount from the rates that Davis Polk customarily charges to its other clients for work of this type, and in accordance with the Firm’s normal reimbursement policies, in compliance with sections 329 and 504 of title 11 of the United States Code (the “**Bankruptcy Code**”), and to provide disclosure required under Rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”). Unless otherwise stated in this Declaration, I have personal knowledge of the facts set forth herein.

3. To the extent it is brought to my attention that any information disclosed herein requires amendment or modification upon Davis Polk’s completion of further review or as additional party in interest information becomes available to it, I intend to file a supplemental declaration reflecting such amended or modified information.

4. Subject to the qualifications herein and to the best of my knowledge, neither I, Davis Polk, nor any partner, counsel to, or associate of the Firm represents any entity other than the Debtors in connection with the Debtors’ chapter 11 cases. In addition, except as set forth herein, to the best of my knowledge, after an inquiry conducted by associates working under my supervision, neither I, Davis Polk, nor any partner, counsel to, or associate of the Firm represents any party in interest in these chapter 11 cases in matters related to the Debtors’ chapter 11 cases.

5. Davis Polk has in the past represented, currently represents, and may in the future represent, in matters unrelated to the Debtors' pending chapter 11 cases, entities that are claimants or interest holders of the Debtors. Davis Polk, which employs more than 800 attorneys, has a large and diversified legal practice that encompasses the representation of many financial institutions and commercial corporations. Some of those entities are, or may consider themselves to be, creditors or parties in interest in the Debtors' pending chapter 11 cases or to otherwise have interests in these cases.

6. In preparing this Declaration, I relied on information brought to my attention pursuant to procedures Davis Polk has used to evaluate compliance with the requirements of the Bankruptcy Code and the Bankruptcy Rules regarding the retention of professionals by a debtor under the Bankruptcy Code (the "**Internal Review Procedures**"). Pursuant to the Internal Review Procedures, the Firm has taken the following actions to identify the parties relevant to this Declaration and to ascertain Davis Polk's connection to such parties:

(a) A list of the Debtors and their affiliates, directors and officers, directors' affiliations, parties to significant litigation and professionals representing them, five percent and greater shareholders and beneficial owners, significant business partners, attorneys, professionals and financial advisors, significant financial institutions,² equipment lessors, significant landlords and lessors, unions, letters of credit and surety bond providers and beneficiaries, significant taxing authorities, significant suppliers, shippers, warehousemen,

² Not including ordinary-course deposit banking relationships.

customers and vendors, insurers, secured and unsecured creditors, utilities, trustees, and regulatory agencies (the “**Potential Parties In Interest**”) was created by the Debtors after review of their records in consultation with Davis Polk attorneys.

(b) Davis Polk compared each of the Potential Parties In Interest to the Firm’s master records database from its conflict clearance and billing records, which includes all clients (and former clients going back five years) for which any attorney time charges have been billed (the “**Records Database**”). The Records Database includes the name of each current or former client; and, for each significant current or former matter for each client or former client, the names of the Davis Polk personnel identified at the time such matter was opened as responsible for such matter and, in most instances, a list of the names of the other parties directly relevant to such matter. It is the policy of Davis Polk that no new matter may be accepted or opened without completing and submitting to those charged with maintaining the Records Database the information necessary to check each such matter for conflicts, including the identity of the prospective client, the matter and other relevant parties. Accordingly, the Records Database is regularly updated for every new client retaining Davis Polk and significant matters undertaken for such client.

(c) Any matches between the Records Database and the list of Potential Parties In Interest were identified (the “**Client Match List**”).

(d) An attorney then reviewed the Client Match List and deleted individuals or entities that Davis Polk does not currently represent and has not

represented in the last two years. The remaining individuals or entities are set forth on Exhibit 1 attached hereto.

(e) A general inquiry was sent to all Davis Polk attorneys by electronic mail asking them whether any of them or their immediate family members was ever employed by any of the Debtors or own any securities of the Debtors. In addition, the inquiry asked whether any Davis Polk attorney (i) has any connections to the Debtors that are relevant to Davis Polk's engagement, (ii) is related to or has any connections to bankruptcy judges in the Southern District of New York, or (iii) is related to or has any connections to any attorney known to be working in the Office of the United States Trustee for the Southern District of New York.

7. Any parties thus identified that Davis Polk represents as a client or has represented as a client within the last two years were reviewed by an attorney working under my supervision. Based upon such review, Davis Polk believes that it does not hold or represent an interest that is adverse to the Debtors' estates (with any relevant representations identified below), and that Davis Polk is a "disinterested person," as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and, as required by section 327(a) and referenced by section 328(c) of the Bankruptcy Code, neither holds nor represents any interest adverse to the Debtors and their estates, in that Davis Polk, its partners, counsel and associates:

(a) are not creditors, equity security holders or insiders of the Debtors, except in the de minimis ways set forth below;

(b) are not and were not, within two years before the date of the filing of the Debtors' chapter 11 petitions, a director, officer or employee of the Debtors; and

(c) do not have an interest materially adverse to the interest of the Debtors' estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason, other than as set forth herein.

8. Disclosure with respect to any connections Davis Polk has or has had with the Debtors, their significant creditors, or any other significant potential parties in interest, any of their respective attorneys and accountants, the United States Trustee or any employee of that office, insofar as I know or have been able to ascertain after reasonable inquiry, is set forth below:

(a) Davis Polk has rendered legal services to the Debtors since 2007³ on a wide variety of matters. For the last several months, Davis Polk has played a significant role in advising the Debtors concerning a wide range of restructuring matters. Davis Polk has advised the Debtors concerning their restructuring alternatives and debt obligations and has performed services necessary to enable the Debtors to file for protection under chapter 11. Davis Polk (along with the Debtors) was primarily responsible for the preparation of the chapter 11 petitions,

³ Davis Polk was retained in March 2007 to represent Patriot in connection with Patriot's spin-off from Peabody Energy. Patriot was incorporated on September 25, 2006 and was a wholly-owned subsidiary of Peabody until October 31, 2007.

initial motions and applications relating to these chapter 11 cases and their commencement.

(b) Davis Polk previously has represented within the last two years and/or currently represents, and may represent in the future, the non-Debtor entities listed on Exhibit 1 (or their affiliates) in matters unrelated to the Debtors. The list attached hereto as Exhibit 1 is the product of implementing the Internal Review Procedures. Davis Polk does not and will not represent any of the entities listed on Exhibit 1 in matters related to the Debtors' chapter 11 cases. To the best of my knowledge and information, with the exception of the entities identified in subparagraph (c) below and their affiliates, none of the entities listed on Exhibit 1 (each together with its respective affiliates) was the source of more than 1% of Davis Polk's revenues for the 12 months ended June 2012.

(c) Only two of the Potential Parties In Interest, together with their affiliates, accounted for more than 1% of Davis Polk's revenues during the 12 months ended June 2012 (the "**1% Clients**"). Davis Polk has considered the position of the 1% Clients in the Debtors' cases and concluded that Davis Polk's representation of the Debtors does not create any conflict of interest with the 1% Clients.

(i) Bank of America, N.A. and its subsidiaries ("**BofA**") accounted for less than 5% of Davis Polk's revenue during the twelve months ending June 2012. BofA acted as the agent for the lenders under the Debtors' prepetition credit facility and is the administrative agent and collateral agent for one of the Debtors' DIP credit facilities. Merrill

Lynch, Pierce, Fenner & Smith Incorporated, a subsidiary of BofA, is the lead arranger and lead bookrunner for that facility as well as a joint lead arranger and joint bookrunner for the other DIP credit facility. In addition, BofA is an LC Issuer and lender under both of the Debtors' DIP credit facilities. Davis Polk represents BofA in certain discrete and unrelated matters. Davis Polk has never represented BofA in any matters related to the Debtors. Prior to the Petition Date, BofA executed a waiver of actual or potential conflicts relating to or arising in connection with Davis Polk's representation of the Debtors.

(ii) Citigroup Inc. and its subsidiaries ("**Citi**") accounted for less than 5% of Davis Polk's revenue during the twelve months ending June 2012. Citibank, N.A. ("**Citibank**"), a subsidiary of Citi, was a lender under the Debtors' prepetition credit facility and is a lender under one of the Debtors' DIP credit facilities. Citibank is also the administrative agent and collateral agent for the Debtors' other DIP credit facility. Citigroup Global Markets Inc., a subsidiary of Citi, is a joint lead arranger and joint bookrunner, and Citicorp North America, Inc., a subsidiary of Citi, is an LC issuer and lender, for that facility. Davis Polk represents Citi in certain discrete and unrelated matters. Davis Polk has never represented Citi in any matters related to the Debtors. Prior to the Petition Date, Citi executed a waiver of actual or potential conflicts relating to or arising in connection with Davis Polk's representation of the Debtors.

(iii) While none is expected, Curtis will represent the Debtors in connection with any default under, or litigation issues with respect to, the Debtors' DIP credit facilities.

(iv) On the Petition Date, the Debtors filed motions to reject various executory contracts with The Dayton Power & Light Company and RBS Asset Finance, Inc. Because these entities are current Davis Polk clients, Curtis, the Debtors' proposed conflicts counsel, will represent the Debtors during these chapter 11 cases with respect to those motions.

(d) Partners, counsel and associates of Davis Polk, including attorneys that may be engaged in Davis Polk's representation of the Debtors, were in the past employed by various Potential Parties In Interest (including various governmental agencies such as the IRS, SEC, FCC and FTC), or, when previously employed by other law firms or professional services firms, may have performed services for various Potential Parties In Interest. I do not believe any such connections would in any way affect Davis Polk's ability to effectively represent the Debtors.

(e) It is possible that former Davis Polk attorneys are, or were, after leaving Davis Polk, affiliated with various Potential Parties In Interest. However, I do not personally know of any such connections and do not believe any such connection would in any way affect Davis Polk's ability to effectively represent the Debtors.

(f) Various Davis Polk associates are seconded to the legal departments of Davis Polk clients for several months, some of whom are or are

affiliates of Potential Parties In Interest. However, I do not believe such connections would in any way affect Davis Polk's ability to effectively represent the Debtors.

(g) It is my understanding that no Davis Polk attorney or their respective immediate family members own Patriot Coal Corporation's stock or are creditors of the Debtors. Davis Polk attorneys invest in a broad array of mutual funds and ETFs, some number of which either currently or may in the future own securities of Patriot Coal Corporation or some of its creditors.

(h) Davis Polk appears in cases, proceedings and transactions involving many different attorneys, accountants, financial consultants and investment bankers, some of which have represented in the past, represent now or may represent in the future claimants and other parties in interest in these cases. Davis Polk is not aware of any relationship it has with any such attorneys, accountants, financial consultants and investment bankers that would be adverse to the Debtors or their estates.

(i) It is possible that certain Potential Parties In Interest have provided, and in some cases continue to provide, services to Davis Polk.

(j) In addition to the foregoing, after reasonable inquiry, I do not believe there is any connection between Davis Polk and the United States Trustee for the Southern District of New York or any person known by me to be employed as an attorney with the Office of such United States Trustee.

9. The Debtors are contemporaneously applying to this Court to retain Curtis as conflicts counsel to represent the Debtors during these chapter 11 cases with respect to

matters for which Davis Polk cannot or will not represent the Debtors because of conflicts of interest.

10. The Debtors have been informed that Davis Polk will conduct an ongoing review of its files on each June 30 and December 31 that occurs during the Debtors' cases to ensure that no disqualifying circumstances have arisen, and, if any new facts or relationships that Davis Polk believes should be disclosed to this Court and the parties in interest in these cases are brought to my attention, Davis Polk will file a supplemental disclosure with the Court and serve such supplemental disclosure on the Office of the United States Trustee for the Southern District of New York. If any new material, relevant facts or relationships are discovered between the June 30 and December 31 review periods, Davis Polk will promptly file a supplemental disclosure with the Court and serve such supplemental disclosure on the U.S. Trustee.

11. Prior to the Petition Date, Davis Polk received retainer payments totaling \$4 million. As of the filing of these cases and after the application of final prepetition charges (totaling \$3,052,486.96), Davis Polk held a retainer balance in the approximate amount of \$950,000 and was not a creditor of the Debtors. In the 90 days prior to the Petition Date, Davis Polk received the following payments:

Invoice Date	Billed Amount	Received Date	Payment Amount
5/11/2012	245,549.86	5/23/2012	245,549.86
5/18/2012	896,983.51	5/23/2012	896,983.51
5/18/2012	550,000.00	5/23/2012	550,000.00
5/25/2012	550,000.00	5/30/2012	550,000.00
6/6/2012	1,500,000.00	6/7/2012	1,500,000.00
6/14/2012	1,640,350.63	6/18/2012	1,640,350.63
6/22/2012	1,493,249.88	6/25/2012	1,493,249.88
6/28/2012	1,236,838.97	6/29/2012	1,236,838.97
7/5/2012	1,400,000.00	7/6/2012	1,400,000.00

12. Davis Polk will be compensated at rates that reflect a negotiated discount from the rates that Davis Polk customarily charges other clients for work of this type. As of the Petition Date, the applicable rates for timekeepers on this matter were \$850 to \$985 per hour for partners and counsel, \$236 to \$798 per hour for associates and \$105 to \$492 for paraprofessionals and staff. Davis Polk adjusts its rates periodically, generally on January 1 of each year.

13. It is Davis Polk's policy to charge its clients for certain expenses incurred in connection with providing certain client services, including, without limitation, travel, lodging, photocopying, postage, vendor charges, delivery service and other expenses incurred in providing professional services. Davis Polk intends to seek reimbursement for expenses and disbursements incurred in connection with the representation of the Debtors in accordance Davis Polk's policies and 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), any order entered in these chapter 11 cases establishing procedures for interim monthly compensation and reimbursement of expenses of professionals, and the United States Trustee Guidelines (collectively, the "**Fee Guidelines**") and any other applicable orders of this Court.

14. No promises have been received by Davis Polk, or, to the best of my knowledge after due inquiry, any partner, counsel, or associate thereof, as to payment or compensation in connection with these cases other than in accordance with the provisions

of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and the U.S. Trustee Guidelines. Davis Polk has no agreement with any other entity to share with such entity any compensation received by Davis Polk or by such entity.

15. Davis Polk intends to apply pursuant to section 330 of the Bankruptcy Code for allowances of compensation for professional services rendered in these chapter 11 cases and for reimbursement of actual and necessary expenses incurred in connection therewith in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Fee Guidelines and any other applicable orders of the Court.

16. The foregoing constitutes the statement of Davis Polk pursuant to sections 327(a), 329 and 504 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016(b).

17. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct, and that this Declaration was executed on July 19, 2012.

/s/ Marshall S. Huebner

Marshall S. Huebner
Davis Polk & Wardwell LLP

EXHIBIT 1

Exhibit 1 to Huebner Declaration¹

AIG, Chartis and National Union Fire Insurance
AFCO Credit Corporation, Marsh USA, Mercer LLC, and Oliver Wyman Group
Alcoa Fuels, Inc.
Allegheny Power
Argonaut Insurance
Aspen Bermuda Ltd., Aspen Insurance UK Limited, and Aspen Specialty Insurance Company
AT&T, AT&T Mobility, and AT&T Teleconference Services
Bank of America Corporation, Bank of America Leasing, Bank of America, N.A., Banc of America Securities LLC, Merrill Lynch and Merrill Lynch Capital
Bank of the West
Barclays Bank PLC and Barclays Capital Inc.
BlackRock, Inc.
Blue Cross Blue Shield
BMO Harris Bank, N.A.
Broadridge Financial Solutions, Inc.
Caremark
CitiCapital Commercial Leasing Corporation, Citigroup CIB, Citigroup Global Markets, Inc. and Citibank, N.A.
CNA Insurance Companies
CSX Transportation, Inc.
The Dayton Power & Light Company
DBT America Inc.
Depository Trust & Clearing Corporation
DISH Network
EDF Trading North America, LLC/EDF Trading Limited
Ernst & Young
Fifth Third Bank, Fifth Third Leasing and Fifth Third Securities, Inc.
FBR Capital Markets & Co.

¹ Davis Polk currently represents, or has represented within the past two years, the entities listed on this Exhibit 1 or one or more of their affiliates.

General Electric Capital Corp. and Zenon Environmental Corp d/b/a GE Water
The Huntington National Bank
Kentucky Utilities Co., Louisville Gas & Electric Company and PPL EnergyPlus, LLC
KPMG LLP
Macquarie Corporate and Asset Funding, Inc.
Morgan Stanley
Natixis Securities Americas LLC
PNC, PNC Bank and PNC Capital Markets, LLC
PricewaterhouseCoopers LLP
RBS Asset Finance, Inc.
RWE Trading Americas Inc.
RZB Bank
Santander Investment Securities Inc.
Siemens Financial Services, Inc.
State Street Corp.
Societe Generale
Sovereign Bank
ThyssenKrupp CSA Siderurgica
Union Bank of Switzerland and UBS Investment Bank
The Vanguard Group, Inc.