

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)

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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)

**DEBTORS' MOTION TO ESTABLISH PROCEDURES
FOR INTERIM MONTHLY COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

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 motion (the “**Motion**”), the Debtors request, pursuant to sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a), that the Court

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.

establish an orderly, regular process for allowance and payment of compensation and reimbursement for attorneys and other professionals whose services are authorized by this Court pursuant to sections 327 or 1103 of the Bankruptcy Code and who will be required to file applications for allowance of compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) (each, a “**Retained Professional**”). In addition, the Debtors seek entry of an order establishing a procedure for reimbursement of reasonable out-of-pocket expenses incurred by members of any statutory committees appointed in these cases.

Background and Jurisdiction

2. On July 9, 2012 (the “**Petition Date**”), each Debtor commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (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. These chapter 11 cases are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and the Court’s Joint Administration Order entered on July 10, 2012 [ECF No. 30].

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 Coal Corporation’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.

Retention of Professionals

6. The Debtors have filed or will soon file motions seeking approval to employ, as Retained Professionals, (a) Davis Polk & Wardwell LLP, as attorneys to represent them in these chapter 11 cases, (b) Blackstone Advisory Partners L.P., as investment banker, (c) GCG, Inc., as notice and claims agent, (d) Curtis, Mallet-Prevost, Colt & Mosle LLP, as conflicts counsel, and (e) Ernst & Young LLP, as independent auditor. The Debtors may need to retain additional Retained Professionals in connection with the continued prosecution of the chapter 11 cases.² In addition, an official committee of unsecured creditors is expected to be appointed in these cases and will likely retain counsel and another professional to represent it.

Proposed Compensation & Reimbursement Procedures

7. Pursuant to section 331 of the Bankruptcy Code, all retained professionals are entitled to submit applications for interim compensation and reimbursement of expenses every 120 days, or more often if the court permits. Section 331 of the Bankruptcy Code provides, in part, as follows:

A trustee, an examiner, a debtor's attorney, or any professional person employed under section 327 or 1103 of this title may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services

² Other professionals may be retained in accordance with the Debtors' Motion Authorizing the Debtors to Employ Ordinary Course Professionals, *Nunc Pro Tunc* to the Petition Date (the "**Ordinary Course Professionals Motion**"). If the Ordinary Course Professionals Motion is granted, such professionals will not need to file individual retention applications and will, subject to monthly and aggregate caps, be paid in full each month without interim or final fee applications. As set forth in the Ordinary Course Professionals Motion, any ordinary course professional seeking payment of fees and disbursements exceeding the monthly or aggregate cap will be obligated to file a monthly statement with respect to such excess amount.

rendered before the date of such an application or reimbursement for expenses incurred before such date as is provided under section 330 of this title.

11 U.S.C. § 331.

Further, section 105(a) of the Bankruptcy Code authorizes a bankruptcy court to issue any order “that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” Thus, this Court has ample authority to enter an order authorizing the interim monthly compensation and reimbursement of expenses procedures requested herein.

8. The Debtors seek approval of procedures that accord with standing General Order M-412 of the Bankruptcy Court for the Southern District of New York, signed on December 21, 2010 by Chief Judge Arthur J. Gonzalez, establishing procedures for monthly compensation and reimbursement of expenses of professionals (the “**Interim Compensation General Order**”), and pursuant to sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a).

9. The proposed procedures are similar to the procedures established in many other complex cases in this district. *See, e.g., In re Pinnacle Airlines Corp.*, Case No. 12-11343 (REG) (Bankr. S.D.N.Y. Apr. 25, 2012); *In re AMR Corp.*, Case No. 11-15463 (SHL) (Bankr. S.D.N.Y. Mar. 8, 2012); *In re Hostess Brands, Inc.*, Case No. 12-22052 (RDD) (Bankr. S.D.N.Y. Jan 27, 2012); *In re Eastman Kodak Company*, Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. Jan. 19, 2012); *In re Sbarro, Inc.*, Case No. 11-11527 (SCC) (Bankr. S.D.N.Y. May 3, 2011); *In re The Great Atl. & Pac. Tea Co.*, Case No. 10-24549 (RDD) (Bankr. S.D.N.Y. Jan. 12, 2011); *In re Mesa Air Group, Inc.*, Case No. 10-10018 (MG) (Bankr. S.D.N.Y. Jan. 26, 2010); *In re Star Tribune Holdings Corp.*, Case No. 09-10244 (RDD) (Bankr. S.D.N.Y. Feb. 6, 2009); *In re Frontier Airlines, Inc.*, Case No. 08-11297 (RDD) (Bankr. S.D.N.Y. Apr. 10, 2008); *In re Lehman Brothers*

Holdings Inc., Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Nov. 5, 2008); *In re Ziff Davis Media*, Case No. 08-10768 (BRL) (Bankr. S.D.N.Y. Mar. 5, 2008); *In re Wellman, Inc.*, Case No. 08-10595 (SMB) (Bankr. S.D.N.Y. Feb. 22, 2008); *In re PLVTZ, Inc.*, Case No. 07-13532 (REG) (Bankr. S.D.N.Y. Nov. 8, 2007); *In re Dana Corp.*, Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 29, 2006); *In re Calpine Corp.*, Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Jan. 21, 2006); *In re Delta Air Lines, Inc.*, Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sept. 14, 2005); *In re Worldcom, Inc.*, Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. Jul. 21, 2002); *In re Global Crossing Ltd.*, Case No. 02-40188 (REG) (Bankr. S.D.N.Y. Jan. 28, 2002); *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. 2001); *In re Bethlehem Steel Corp.*, Case Nos. 01-15288 through 01-15302, 01-15308 through 01-15315 (BRL) (Bankr. S.D.N.Y. 2001).

10. The Debtors propose that the payment of compensation and reimbursement of expenses of Retained Professionals be structured as follows:

(a) On or before the 20th day of each month following the month for which compensation is sought, or as soon as practicable thereafter, each Retained Professional seeking compensation will file with the Court a monthly statement (the “**Monthly Statement**”) and serve it, by hand or overnight delivery, on (i) the Debtors, Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri 63141, Attn: Jacquelyn A. Jones, (ii) the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Elisabetta G. Gasparini and Paul K. Schwartzberg, (iii) proposed counsel to the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Brian M. Resnick, (iv) attorneys for the administrative agents for the Debtors’ postpetition lenders, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky, and (b) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso and (v) the attorneys for any official committee of unsecured creditors then appointed in these cases (collectively, the “**Service Parties**”). Courtesy copies of Monthly Statements need not be delivered to chambers since this Motion and the related order is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code and since Retained Professionals are still

required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules.

(b) Each Monthly Statement shall contain a list of the individuals and their respective titles (*e.g.*, attorney, accountant or paralegal) who provided services during the statement period, their respective billing rates, the aggregate hours spent by each individual and a reasonably detailed breakdown of the disbursements incurred. No Retained Professional should seek reimbursement of an expense that would not be allowed pursuant to the Court's Administrative Orders dated June 24, 1991 and April 21, 1995 or the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330 dated January 30, 1996. Moreover, each Monthly Statement should contain contemporaneously maintained time entries for each individual in increments of tenths of an hour, except where otherwise ordered by the Court.

(c) If any Service Party has an objection to the compensation or reimbursement sought in a particular Monthly Statement, he or she shall, by no later than the 15th day following the filing of the relevant Monthly Statement, file with the Court and serve upon the Retained Professional whose Monthly Statement is objected to, and upon the other Service Parties, a written "Notice of Objection to Fee Statement" (hereinafter referred to as an "**Objection**") setting forth the nature of the objection and the amount of fees or expenses at issue.

(d) After the 15th day following the filing of the relevant Monthly Statement, the Debtors shall promptly pay 80% of the fees and 100% of the expenses identified in each Monthly Statement to which no Objection has timely been served in accordance with paragraph (c) above.

(e) If the Debtors receive an Objection to a particular Monthly Statement, unless the Court, upon notice and a hearing, directs payment to be made, they shall withhold payment of that portion of the Monthly Statement to which the Objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (d).

(f) If the parties to an Objection are able to resolve their dispute following the timely filing of an Objection and if the party whose Monthly Statement was objected to files and serves upon the other Service Parties a statement indicating that the Objection is withdrawn and describing in detail the terms of the resolution, then the Debtors shall promptly pay, in accordance with paragraph (e), that portion of the Monthly Statement no longer subject to an Objection.

(g) All Objections not resolved by the parties or Court order shall be preserved and presented to the Court at the next interim or final fee application hearing to be heard by the Court in accordance with paragraph (k) below.

(h) The service of an Objection in accordance with paragraph (d) above shall not prejudice the objecting party's right to object to any fee

application made to the Court in accordance with the Bankruptcy Code on any ground whether raised in the Objection or not. Furthermore, the decision by any party not to object to a Monthly Statement shall not constitute a waiver of any kind nor prejudice that party's right to object to any fee application subsequently made by any party to the Court in accordance with the Bankruptcy Code.

(i) Approximately every 120 days (but not less frequently than every 150 days), each Retained Professional shall, in accordance with General Order M-399 (which can be found at www.nysb.uscourts.gov), (a) file with the Court, (b) serve on the Service Parties and (c) provide the U.S. Trustee with a disk containing an electronic version of, an application for interim or final (as the case may be) Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code, of the compensation and reimbursement of expenses requested.

(j) The Debtors' attorneys shall obtain dates from the Court for the hearing of fee applications for all Retained Professionals. At least 30 days before the hearing, the Debtors' attorneys shall file a notice with the Court, served upon the U.S. Trustee and all Retained Professionals, that sets forth the time, date and location of the fee hearing, the date by which the fee applications must be filed, the period covered by such application and the objection deadline. Any Retained Professional unable to file its own fee application with the Court shall deliver to the Debtors' attorneys a fully executed copy with original signatures, along with service copies, three days before the filing deadline. The Debtors' attorneys shall file and serve such application.

(k) Any Retained Professional that fails timely to file an application seeking approval of compensation and expenses previously paid under an order approving this Motion shall (i) be ineligible to receive further monthly payments of fees or reimbursement of expenses as provided herein until the filing of an application or further order of the Court and (ii) may be required to disgorge any fees paid since the later of such Retained Professional's retention or last fee application.

(l) The pendency of an application or the entry of a Court order that the prior payment of compensation or the reimbursement of expenses was improper as to a particular Monthly Statement shall not disqualify a Retained Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court.

(m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein shall have any effect on this Court's interim or final allowance of compensation and reimbursement of expenses of any Retained Professional.

(n) The attorney for any official committee may, in accordance with the foregoing procedure for monthly compensation and reimbursement of Retained Professionals, collect and submit for payment statements of expenses, with supporting vouchers, from members of the committee he or she represents; provided, however, that these reimbursement requests must comply with this Court's Administrative Orders dated June 24, 1991 and April 21, 1995.

11. The Debtors propose that each Retained Professional whose retention has been approved by the Court as of the Petition Date may seek, in its first Monthly Statement, compensation for work performed and reimbursement for expenses incurred during the period beginning on the Petition Date and ending on July 31, 2012. The first interim fee application for such Retained Professionals shall seek compensation and reimbursement of expenses for the period from the Petition Date through September 30, 2012. All Retained Professionals not retained as of the Petition Date shall serve their first Monthly Statement on the Service Parties for the period from the effective date of their retention through the end of the first full month following the effective date of their retention, and otherwise in accordance with the procedures set forth in this Motion. In accordance with the Interim Compensation General Order, the amount of fees and disbursements sought by each Retained Professional in its request for compensation and reimbursement of expenses shall be set forth in U.S. dollars.

12. The Debtors propose to include all payments to Retained Professionals on their monthly operating reports, detailed so as to state the amount paid to each Retained Professional. Any party may object to requests for payment made pursuant to an order approving this Motion on the grounds that the Debtors have not timely filed monthly operating reports, have not remained current with their administrative expenses and 28 U.S.C. § 1930 fees, or there exists a manifest exigency.

13. No professional may serve a Monthly Statement or file a fee application until the Court enters an order approving the retention of such professional pursuant to section 327 or 1103 of the Bankruptcy Code.

14. The proposed procedures will enable the Debtors to closely monitor the costs of administration, forecast level cash flows and implement efficient cash management procedures. Moreover, these procedures will also allow the Court and the key parties in interest, including the U.S. Trustee, to insure the reasonableness and necessity of the compensation and reimbursement sought pursuant to such procedures. Therefore, the Debtors request the Court approve the relief requested herein.

15. Based on the foregoing, the Debtors submit that the relief requested is necessary and appropriate, is in the best interests of their estates and creditors, and should be granted in all respects.

Notice

16. 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.

No Previous Request

17. 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/ Damian S. Schaible

Marshall S. Huebner

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*Proposed Counsel to the Debtors
and Debtors in Possession*

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 TO ESTABLISH PROCEDURES FOR INTERIM
MONTHLY COMPENSATION AND REIMBURSEMENT
OF EXPENSES OF PROFESSIONALS**

Upon the motion (the “**Motion**”)² of Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”), pursuant to sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a), for authority to establish procedures for monthly compensation and reimbursement of expenses of professionals retained by order of this Court, as more fully described in the Motion, and upon consideration of the Declaration of Mark N. Schroeder, Patriot Coal Corporation’s Senior Vice President and Chief Financial Officer, filed on July 9, 2012 [ECF No. 4]; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and 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.)

¹ The Debtors are the entities listed on Schedule 1 attached to the Motion. 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 Motion.

as amended by Standing Order M-431, dated February 1, 2012 (Preska, C.J.); and consideration of the Motion and the requested relief being a core proceeding the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b); and due and proper notice of the Motion having been provided in accordance with the Case Management Order; and it appearing that no other or further notice need be provided; and the relief requested in the Motion being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Motion [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 Motion [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 relief requested in the Motion is hereby granted as set forth herein; and it is further

ORDERED that except as may otherwise be provided in orders of the Court authorizing the retention of specific professionals, all Retained Professionals in these cases may seek monthly compensation in accordance with the following procedures:

- (a) On or before the 20th day of each month following the month for which compensation is sought, or as soon as practicable thereafter, each Retained Professional seeking compensation will file with the Court a monthly statement (the “**Monthly Statement**”) and serve it, by hand or overnight delivery, on
 - (i) Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri, 63141, Attn: Jacquelyn A. Jones, (ii) the Office of the United States

Trustee for the Southern District of New York (the “**U.S. Trustee**”), 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Elisabetta G. Gasparini and Paul K. Schwartzberg, (iii) proposed counsel to the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Brian M. Resnick, (iv) attorneys for the administrative agent for Debtors’ postpetition lenders, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky, and (b) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso and (v) the attorneys for any official committee of unsecured creditors appointed in these cases (collectively, the “**Service Parties**”). Courtesy copies of Monthly Statements need not be delivered to chambers since this Motion and the related order is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code and since Retained Professionals are still required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules.

(b) Each Monthly Statement shall contain a list of the individuals and their respective titles (*e.g.*, attorney, accountant or paralegal) who provided services during the statement period, their respective billing rates, the aggregate hours spent by each individual and a reasonably detailed breakdown of the disbursements incurred. No Retained Professional should seek reimbursement of an expense that would not be allowed pursuant to the Court’s Administrative

Orders dated June 24, 1991 and April 21, 1995 or the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330 dated January 30, 1996. Moreover, each Monthly Statement should contain contemporaneously maintained time entries for each individual in increments of tenths of an hour, except where otherwise ordered by the Court.

(c) If any Service Party has an objection to the compensation or reimbursement sought in a particular Monthly Statement, he or she shall, by no later than the 15th day following the filing of the relevant Monthly Statement, file with the Court and serve upon the Retained Professional whose Monthly Statement is objected to, and upon the other Service Parties, a written “Notice of Objection to Fee Statement” (hereinafter referred to as an “**Objection**”) setting forth the nature of the objection and the amount of fees or expenses at issue.

(d) After the 15th day following the filing of the relevant Monthly Statement, the Debtors shall promptly pay 80% of the fees and 100% of the expenses identified in each Monthly Statement to which no Objection has timely been served in accordance with paragraph (c) above.

(e) If the Debtors receive an Objection to a particular Monthly Statement, unless the Court, upon notice and a hearing, directs payment to be made, they shall withhold payment of that portion of the Monthly Statement to which the Objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (d).

(f) If the parties to an Objection are able to resolve their dispute following the timely filing of an Objection and if the party whose Monthly Statement was objected to files and serves upon the other Service Parties a statement indicating that the Objection is withdrawn and describing in detail the terms of the resolution, then the Debtors shall promptly pay, in accordance with paragraph (e), that portion of the Monthly Statement no longer subject to an Objection.

(g) All Objections not resolved by the parties or Court order shall be preserved and presented to the Court at the next interim or final fee application hearing to be heard by the Court in accordance with paragraph (k) below.

(h) The service of an Objection in accordance with paragraph (d) above shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground whether raised in the objection or not. Furthermore, the decision by any party not to object to a Monthly Statement shall not constitute a waiver of any kind nor prejudice that party's right to object to any fee application subsequently made by any party to the Court in accordance with the Bankruptcy Code.

(i) Approximately every 120 days (but not less frequently than every 150 days), each Retained Professional shall, in accordance with General Order M-399 (which can be found at www.nysb.uscourts.gov), (a) file with the Court, (b) serve on the Service Parties and (c) provide the U.S. Trustee with a disk containing an electronic version of, an application for interim or final (as the case

may be) Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code, of the compensation and reimbursement of expenses requested.

(j) The Debtors' attorneys shall obtain dates from the Court for the hearing of fee applications for all Retained Professionals. At least 30 days before the hearing, the Debtors' attorneys shall file a notice with the Court, served upon the U.S. Trustee and all Retained Professionals, that sets forth the time, date and location of the fee hearing, the date by which the fee applications must be filed, the period covered by such application and the objection deadline. Any Retained Professional unable to file its own fee application with the Court shall deliver to the Debtors' attorneys a fully executed copy with original signatures, along with service copies, three days before the filing deadline. The Debtors' attorneys shall file and serve such application.

(k) Any Retained Professional that fails timely to file an application seeking approval of compensation and expenses previously paid under this Order shall (i) be ineligible to receive further monthly payments of fees or reimbursement of expenses as provided herein until the filing of an application or further order of the Court and (ii) may be required to disgorge any fees paid since the later of such Retained Professional's retention or last fee application.

(l) The pendency of an application or the entry of a Court order that the prior payment of compensation or the reimbursement of expenses was improper as to a particular Monthly Statement shall not disqualify a Retained Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court.

(m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein shall have any effect on this Court's interim or final allowance of compensation and reimbursement of expenses of any Retained Professional.

(n) The attorney for any official committee may, in accordance with the foregoing procedure for monthly compensation and reimbursement of Retained Professionals, collect and submit for payment statements of expenses, with supporting vouchers, from members of the committee he or she represents; provided, however, that these reimbursement requests must comply with this Court's Administrative Orders dated June 24, 1991 and April 21, 1995; and it is further

ORDERED that each Retained Professional whose retention has been approved by the Court as of the Petition Date may seek, in its first Monthly Statement, compensation for work performed and reimbursement for expenses incurred during the period beginning on the Petition Date and ending on July 31, 2012. The first interim fee application for such Retained Professionals shall seek compensation and reimbursement of expenses for the period from the Petition Date through September 30, 2012. All Retained Professionals not retained as of the Petition Date shall serve their first Monthly Statement on the Service Parties for the period from the effective date of their retention through the end of the first full month following the effective date of their retention, and otherwise in accordance with the procedures set forth in the Motion; and it is further

ORDERED that the Debtors shall include all payments to Retained Professionals on their monthly operating reports, detailed so as to state the amount paid to each Retained Professional; and it is further

ORDERED that the amount of fees and disbursements sought by each Retained Professional shall be set forth in U.S. dollars; and it is further

ORDERED that any party may object to requests for payments made pursuant to this Order on the grounds that the Debtors have not timely filed monthly operating reports, have not remained current with their administrative expenses and 28 U.S.C. § 1930 fees, or a manifest exigency exists by seeking a further order of this Court, otherwise, this Order shall continue and shall remain in effect during the pendency of this case; and it is further

ORDERED that no professional may file a Monthly Statement until the Court enters an order approving the retention of such professional pursuant to section 327 or 1103 of the Bankruptcy Code; and it is further

ORDERED that all time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a); and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation and/or interpretation of this Order; and it is further

ORDERED that notice of Motion as provided therein shall be deemed good and sufficient notice of such Motion.

Dated: New York, New York
_____, 2012

THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE