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

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-[] (___)

(Jointly Administered)

**DEBTORS' MOTION FOR AN ORDER AUTHORIZING (i) DEBTORS TO
PAY PREPETITION OBLIGATIONS OWED TO FOREIGN
CREDITORS AND (ii) FINANCIAL INSTITUTIONS
TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

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

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.

Relief Requested

1. By this motion (the “**Motion**”), the Debtors seek an order, substantially in the form attached hereto as Exhibit A (the “**Interim Order**”), pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, (i) authorizing, but not requiring, the Debtors to pay or honor prepetition obligations to Foreign Creditors (as defined below) in the ordinary course of business and (ii) authorizing their financial institutions to receive, process, honor and pay checks or wire transfers used by the Debtors to pay prepetition obligations to Foreign Creditors.

2. In the ordinary course of operating their businesses, the Debtors regularly incur obligations to a handful of significant creditors based outside of the United States (collectively, the “**Foreign Creditors**”). Because the Foreign Creditors may lack minimum contacts with the United States, they may not be subject to the jurisdiction of the Court or the provisions of the Bankruptcy Code, such as the automatic stay, that otherwise protect the Debtors’ assets and business operations. For the reasons discussed below, authorization to continue paying the Foreign Creditors is essential to maintaining the Debtors’ business operations in chapter 11 and to preserving the value of the estates. Accordingly, the Debtors respectfully request that the Court grant this authority as promoting the best interests of the Debtors’ estates and their creditors.

Background and Jurisdiction

3. 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.

4. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of their chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

5. 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, which is incorporated herein by reference.

6. 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.

Authorization to Satisfy Obligations to Certain Foreign Creditors is Justified and in the Best Interests of the Debtors’ Estates and Creditors

7. Payments to the Foreign Creditors are essential to protect the Debtors’ mining businesses against potentially severe disruptions. In order to preserve the value of the Debtors’ assets, the Debtors must be allowed to continue paying their accounts with the Foreign Creditors.

8. For example, the Debtors rely heavily on Foreign Creditors for their sophisticated communications and employee tracking systems that are not only essential to their underground mining operations and the safety of their employees but also required by federal Mine Safety and Health Administration (“**MSHA**”) regulations. The Debtors also depend on Foreign Creditors for significant quantities of the essential

products they require in order to process their coal. In addition, the Debtors rely on brokers in foreign countries for the placement of coal with customers. Without the foreign vendors that provide these important products and services, the Debtors would face an interruption to their mining operations and risk non-compliance with federal regulations. Paying these Foreign Creditors is therefore critical to the Debtors' continuing operations and to their ongoing restructuring efforts.

9. Further, potentially without the protection of the automatic stay afforded by section 362 of the Bankruptcy Code, failing to pay the Foreign Creditors might place the Debtors at risk of asset seizures, lien filings and other self-help remedies that may be available to Foreign Creditors under the laws of their respective jurisdictions. The Foreign Creditors may also decline to provide goods and services unless their claims are paid in full. These actions could well create operational chaos for the Debtors. In short, without the goods, services and rights provided by the Foreign Creditors, the Debtors will incur significant costs and potentially devastating disruptions in connection with their efforts to sustain their operations, potentially interfering with the Debtors' successful reorganization. Importantly, the Debtors would also risk violating MSHA regulations.

10. In connection with the payment of the prepetition foreign claims (the "**Foreign Claims**"), the Debtors propose (unless otherwise waived by the Debtors in their discretion) that in exchange for payment of their Foreign Claims, the Foreign Creditors continue to provide goods and services to the Debtors on such Foreign Creditor's "**Customary Trade Terms**" for a period of time and on other such terms and conditions as are acceptable to the Debtors. As used herein, "Customary Trade Terms" means, with respect to a Foreign Creditor, (a) the normal and customary trade terms, practices and

programs (including, but not limited to, credit limits, pricing, cash discounts, timing of payments, allowances, rebates, coupon reconciliation, and availability and other applicable terms and programs), that were most favorable to the Debtors and in effect between such Foreign Creditor and the Debtors prior to the Petition Date or (b) such other trade terms as agreed by the Debtors and such Foreign Creditor. The Debtors propose that the Customary Trade Terms apply for the balance of the term of the Foreign Creditor's agreement with the Debtors; *provided, however*, that the Debtors pay for the goods and services in accordance with the payment terms provided in the agreement.

11. The Debtors further propose that if a Foreign Creditor later refuses to continue to supply goods or services to the Debtors on the Customary Trade Terms for the applicable period, or on such terms as were individually agreed to between the Debtors and such Foreign Creditor, then the Debtors may, in their discretion, and without further order of the Court: (i) declare that the payment of the creditor's Foreign Claim is a voidable postpetition transfer pursuant to section 549(a) of the Bankruptcy Code that the Debtors may recover from such Foreign Creditor in cash or in goods and (ii) demand that the creditor immediately return such payments in respect of the Foreign Claim to the extent that the aggregate amount of such payments exceeds the postpetition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or setoffs of any type whatsoever, and the creditor's Foreign Claim shall be reinstated in such an amount as to restore the Debtors and the Foreign Creditor to their original positions, as if such agreement had never been entered into and the payment of the Foreign Claim had not been made. In sum, the Debtors will return the parties to their positions immediately prior to the entry of the order approving the relief sought herein.

12. The Debtors shall also maintain a matrix summarizing (a) the name of each Foreign Creditor paid on account of Foreign Claims, (b) the amount paid to each Foreign Creditor on account of its Foreign Claim and (c) a brief description of the goods or services provided by such Foreign Creditor. This matrix will be provided (i) bi-weekly until a final order granting the relief requested herein is entered and (ii) monthly thereafter to the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), the professionals to the official committee of unsecured creditors (the “**Committee**”) and the administrative agents for the Debtors’ proposed postpetition lenders (the “**DIP Agents**”) via their attorneys; *provided*, however, that the professionals to the Committee shall keep the matrix confidential on a professionals-only basis and the DIP Agents and their professionals shall keep the matrix confidential and, in each case, shall not disclose any of the information in the matrix to anyone, including, but not limited to, any member of the Committee and any of the Debtors’ postpetition lenders, without prior written consent from the Debtors.

13. As of the Petition Date, the Debtors estimate that they owe Foreign Creditors approximately \$750,000 (the “**Foreign Creditors Claims Cap**”).

14. Satisfaction of obligations owed to certain Foreign Creditors is crucial to the preservation and protection of the assets of the Debtors’ estates and ultimately to a successful reorganization. Without the support of their Foreign Creditors, the interests of all parties in interest – including both domestic creditors and Foreign Creditors – will suffer immeasurably and the value of the Debtors’ estates would decrease. For these reasons, the Debtors request that the Court exercise its equitable power to grant the relief requested herein.

15. Based on differences in language and insolvency law as it is practiced in some foreign jurisdictions, the Debtors fear that Foreign Creditors may misunderstand the intent of any order entered in these chapter 11 cases approving payment to these parties and take measures with adverse effects on the Debtors' operations. The Debtors therefore request authority to serve notice, substantially in the form attached hereto as Exhibit B, in the Debtors' sole discretion and in lieu of such order, on Foreign Creditors, as applicable.

16. Notwithstanding the relief requested herein, the Debtors and other parties in interest retain all of their rights and remedies under the Bankruptcy Code and other applicable law to pursue any cause of action against any Foreign Creditor, including, but not limited to, a violation of the automatic stay pursuant to section 362(a)(6) of the Bankruptcy Code.

**Debtors' Payment or Honoring of Prepetition Claims
of Foreign Creditors is Justified and Should be Authorized**

17. Section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). A bankruptcy court's use of its equitable powers to "authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept." *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). "Under 11 U.S.C. § 105 the court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor." *In re NVR L.P., et al.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (citing *Ionosphere Clubs*, 98 B.R. at 177).

18. In a long line of well-established cases, federal courts have consistently permitted postpetition payment of prepetition obligations where necessary to preserve or enhance the value of a debtor's estate for the benefit of all creditors. *See, e.g., Miltenberger v. Logansport Ry.*, 106 U.S. 286, 312 (1882) (payment of pre-receivership claim prior to reorganization permitted to prevent "stoppage of . . . [crucial] business relations"); *Mich. Bureau of Workers' Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285-86 (S.D.N.Y. 1987), *appeal dismissed* 838 F.2d 59 (2d Cir. 1988) (approving lower court order authorizing payment of prepetition wages, salaries, expenses and benefits).

19. This doctrine of "necessity" functions in a chapter 11 reorganization as a mechanism by which the bankruptcy court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code. *See In re Boston & Me. Corp.*, 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing the existence of a judicial power to authorize trustees to pay claims for goods and services that are indispensably necessary to the debtors' continued operation). The doctrine is frequently invoked early in a reorganization, particularly in connection with those chapter 11 sections that relate to payment of prepetition claims. The court in *In re Structurelite Plastics Corp.*, indicated its accord with "the principle that a bankruptcy court may exercise its equity powers under section 105(a) to authorize payment of pre-petition claims where such payment is necessary to 'permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately.'" 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988) (quoting *In re Chateaugay Corp.*, 80 BR. 279, 287 (S.D.N.Y. 2003)). The court stated that "a *per se* rule proscribing the payment of pre-petition

indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code.” *Id.* at 932. Accordingly, pursuant to section 105(a) of the Bankruptcy Code, this Court is empowered to grant the relief requested herein.

20. Section 363(b)(1) of the Bankruptcy Code empowers the Court to allow the debtor to “use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Debtors’ decisions to use, sell or lease assets outside the ordinary course of business must be based upon the sound business judgment of the debtor. *See In re Chateaugay Corp.*, 973 F.2d 141, 143 (2d Cir. 1992) (holding that a judge determining a section 363(b) application must find from the evidence presented before him or her a good business reason to grant such application); *see also Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003); *In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989) (noting the standard for determining a section 363(b) motion is “a good business reason”).

21. The business judgment rule is satisfied “when the following elements are present: (1) a business decision, (2) disinterestedness, (3) due care, (4) good faith and (5) according to some courts and commentators, no abuse of discretion or waste of corporate assets.” *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993) (internal quotations omitted). In fact, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville*

Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Courts in this district have consistently and appropriately been loath to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence, and will uphold a board's decisions as long as they are attributable to any "rational business purpose." *In re Integrated Res. Inc.*, 147 B.R. at 656.

22. The relief requested herein has been granted by courts in this jurisdiction, and courts have recognized that the payment of Foreign Creditors may be critical to a debtor's rehabilitative efforts. *See, e.g., In re Pinnacle Airlines Corp.*, Case No. 12-11343 (REG) (April 23, 2012) (authorizing payment of prepetition obligations to foreign creditors); *In re Eastman Kodak Co.*, Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. Jan. 19, 2012) (authorizing payment of prepetition obligations to foreign creditors up to \$60 million); *In re AMR Corp.*, Case No. 11-15463 (SHL) (Bankr. S.D.N.Y. Nov. 29, 2011) (authorizing payment of prepetition obligations to foreign creditors); *In re General Motors Corp.*, Case No. 09-50026 (REG) (Bankr. S.D.N.Y. June 1, 2009) (authorizing payment of approximately \$120 million of prepetition obligations to foreign creditors); *In re Lear Corp.*, Case No. 09-14326 (ALG) (Bankr. S.D.N.Y. July 8, 2009) (authorizing payment of prepetition claims owed to foreign creditors up to \$5.6 million); *In re Lyondell*, Case No. 09-10023 (REG) (Bankr. S.D.N.Y. Jan. 9, 2009) (authorizing payment of prepetition obligations to foreign creditors up to \$350 million); *In re Delphi Corp.*, Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. Mar. 8, 2006) (approving payment to foreign prepetition creditors); *In re Worldcom, Inc.*, Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. July 21, 2002) (authorizing payment of prepetition obligations to foreign creditors); *In re Global Crossing Ltd.*, Case No. 02-40188 (REG) (Bankr. S.D.N.Y. Jan.

28, 2002) (authorizing payment of over \$25 million of prepetition obligations to foreign creditors); *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. Dec. 2, 2001) (authorizing payment of \$19 million of prepetition obligations to foreign creditors); *In re Ames Dep't Stores, Inc.*, Case No. 01-42217 (REG) (Bankr. S.D.N.Y. Aug. 20, 2001) (authorizing payment of \$28.2 million of prepetition obligations to foreign creditors).

23. As illustrated above, failure to satisfy the obligations of certain Foreign Creditors could have a ruinous effect upon the Debtors' efforts to reorganize. Although section 362 of the Bankruptcy Code provides that the filing of a chapter 11 petition "operates as a stay, applicable to all entities," of creditor remedies (the "**Automatic Stay**"), the power of a United States court to enforce its jurisdiction against an entity without a presence in the United States is dubious. As the Foreign Creditors may lack minimum contacts with the United States, the Debtors and the Court may well be unable to prevent those Foreign Creditors from acting in contravention of and/or violating the Automatic Stay by pursuing remedies against the Debtors' property located outside of the United States.

24. The Debtors submit that the requested relief represents a sound exercise of the Debtors' business judgment and is justified under sections 363(b) and 105(a) of the Bankruptcy Code. This is because absent payment of prepetition obligations, certain Foreign Creditors will likely cease providing the products and services necessary to maintain operation of the Debtors' businesses until their claims are paid in full. Furthermore, Foreign Creditors may: (i) take enforcement action under local law, or (ii) bring civil and, in some cases, even criminal actions against the Debtors and/or the Debtors' officers and directors for collection of their claims. Without unimpeded

continuance of the Debtors' ordinary operations, the Debtors' mining businesses will be disrupted and their overall ability to operate their businesses efficiently and safely will be adversely affected.

**Request for Authority for Financial Institutions
to Honor and Process Related Checks and Transfers**

25. The Debtors also request that all applicable banks and other financial institutions be authorized to receive, process, honor and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, the claims that the Debtors request authority to pay in this Motion, regardless of whether the checks were presented or fund transfer requests were submitted before or after the Petition Date, *provided, however*, that: (a) funds are available in the Debtors' accounts to cover the checks and fund transfers and (b) all the banks and other financial institutions are authorized to rely on the Debtors' designation of any particular check as approved by interim order.

Interim Order

26. The Debtors seek an Interim Order granting the relief requested in this Motion. Within three business days of the entry of the Interim Order, the Debtors shall serve a copy of the Interim Order and this Motion on (a) the Office of the United States Trustee for the Southern District of New York, (b) those creditors holding the five largest secured claims against the Debtors' estates on a consolidated basis, (c) those creditors holding the 50 largest unsecured claims against the Debtors' estates on a consolidated basis, (d) attorneys for the administrative agents for the Debtors' proposed postpetition lenders, (e) the Internal Revenue Service, (f) the Securities and Exchange Commission,

(g) the United States Environmental Protection Agency and (h) the United States Attorney's Office for the Southern District of New York.

27. The Debtors request that the deadline to file an objection ("**Objection**") to the Motion shall be 4:00 p.m. (prevailing Eastern Time) on a date established by the Court that is at least seven calendar days prior to any hearing scheduled by the Court with respect to the relief sought herein on a final basis (the "**Objection Deadline**"). An Objection shall be considered timely only if, on or prior to the Objection Deadline, it is (a) filed with the Court and (b) served upon and actually received by (i) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Elisabetta G. Gasparini and Paul K. Schwartzberg, (ii) 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, (iii) attorneys for the administrative agents for the Debtors' proposed postpetition lenders, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attn: Marcia Goldstein and Joseph Smolinsky, and Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019, Attn: Margot B. Schonholtz and Ana Alfonso and (iv) the attorneys for any official committee of unsecured creditors then appointed in these cases.

28. Unless otherwise ordered by the Court, a reply to an Objection may be filed with the Court and served on or before 12:00 p.m. (prevailing Eastern Time) on the day that is two days before the date of the applicable hearing.

29. If no Objections are timely filed and served as set forth herein, the Debtors shall, on or after the Objection Deadline, submit to the Court a final order granting the relief requested herein, which order shall be submitted and may be entered with no

hearing and no further notice or opportunity to be heard afforded to any party. If an Objection is timely filed, a hearing will be held at a date and time to be established by the Court.

30. The foregoing notice procedures satisfy Bankruptcy Rule 9014 by providing the counterparties with notice and an opportunity to object and be heard at a hearing. *See, e.g., In re Drexel Burnham Lambert*, 160 B.R. 729, 734 (S.D.N.Y. 1993) (an opportunity to present objections satisfies due process); *In re Colorado Mountain Cellars, Inc.*, 226 B.R. 244, 246 (D. Colo. 1998) (a hearing is not required to satisfy Bankruptcy Rule 9014). Furthermore, the proposed notice procedures protect the due process rights of the parties in interest without unnecessarily exposing the Debtors' estates to unwarranted administrative expenses.

Necessity for Immediate Relief

31. Bankruptcy Rule 6003 provides that “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, issue an order granting . . . (b) a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” Fed. R. Bankr. P. 6003. For all the reasons set forth herein, if the Debtors are not authorized to pay certain critical vendors, immediate and irreparable harm might be caused to the Debtors' estates. Accordingly, the interim relief requested herein is consistent with Bankruptcy Rule 6003.

Request for Waiver of Stay

32. In addition, by this Motion, the Debtors seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h),

“[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” As set forth above, the Debtors require immediate relief to continue ordinary business operations for the benefit of all parties in interest. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

Notice

33. No trustee, examiner or creditors’ committee has been appointed in these chapter 11 cases. The Debtors have served notice of this Motion on (a) the Office of the United States Trustee for the Southern District of New York, (b) those creditors holding the five largest secured claims against the Debtors’ estates on a consolidated basis, (c) those creditors holding the 50 largest unsecured claims against the Debtors’ estates on a consolidated basis, (d) attorneys for the administrative agents for the Debtors’ proposed postpetition lenders, (e) the Internal Revenue Service, (f) the Securities and Exchange Commission, (g) the United States Environmental Protection Agency and (h) the United States Attorney’s Office for the Southern District of New York.

No Previous Request

34. 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 9, 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-[] (___)

(Jointly Administered)

**INTERIM ORDER AUTHORIZING (i) DEBTORS TO
PAY PREPETITION OBLIGATIONS OWED TO FOREIGN
CREDITORS AND (ii) FINANCIAL INSTITUTIONS
TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

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 363(b) of the Bankruptcy Code, for an order (this “**Order**”) authorizing the Debtors to (i) pay or honor their prepetition obligations owed to foreign creditors and (ii) authorize financial institutions to honor and process related checks and transfers, 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 in support of the Debtors’ first-day pleadings; 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

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.

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 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 to (a) the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), (b) those creditors holding the five largest secured claims against the Debtors’ estates on a consolidated basis, (c) those creditors holding the 50 largest unsecured claims against the Debtors’ estates on a consolidated basis, (d) attorneys for the administrative agents for the Debtors’ proposed postpetition lenders, (e) the Internal Revenue Service, (f) the Securities and Exchange Commission, (g) the United States Environmental Protection Agency and (h) the United States Attorney’s Office for the Southern District of New York; 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 the Court having determined that immediate relief is necessary to avoid irreparable harm; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the relief requested in the Motion is hereby granted as set forth herein; provided that,

until 21 days after the Petition Date, the relief requested by the Debtors is granted only to the extent that it is necessary to avoid irreparable harm; and it is further

ORDERED that the Debtors' are authorized, but not required, to pay prepetition amounts owed to Foreign Creditors in the ordinary course of business, in the Debtors' sole discretion and in accordance with the terms of those obligations, in an aggregate amount not to exceed the Foreign Creditors Claims Cap; *provided* that, prior to entry of an order granting the relief requested in the Motion on a final basis, the Debtors will not pay any prepetition amounts to Foreign Creditors before the applicable due date; and it is further

ORDERED that pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtors are authorized, but not directed, in the reasonable exercise of their business judgment, to pay some or all of the prepetition claims of those Foreign Creditors that agree (unless otherwise waived by the Debtors, in their discretion) to continue to supply goods or services to the Debtors on such Foreign Creditor's "**Customary Trade Terms**" for a period following the date of the agreement and on other such terms and conditions as are acceptable to the Debtors. As used herein, "Customary Trade Terms" means, with respect to a Foreign Creditor, (i) the normal and customary trade terms, practices and programs (including, but not limited to, credit limits, pricing, cash discounts, timing of payments, allowances, rebates, coupon reconciliation, and availability, and other applicable terms and programs), that were most favorable to the Company and in effect between such Foreign Creditor and the Company prior to the Petition Date or (ii) such other trade terms as agreed by the Debtors and such Foreign Creditor. The Customary Trade Terms shall apply for the remaining term of the Foreign Creditor's agreement with

the Debtors; *provided, however*, that the Debtors pay for the goods and services in accordance with the payment terms provided in the agreement; and it is further

ORDERED that if a Foreign Creditor that has received payment of a prepetition claim later refuses to continue to supply goods or services for the applicable period in compliance with this Order, then (a) the Debtors may, in their discretion, declare that the payment of the creditor's Foreign Claim is a voidable postpetition transfer pursuant to section 549(a) of the Bankruptcy Code that the Debtors may recover in cash or in goods from such Foreign Creditor, (b) the creditor shall immediately return such payments in respect of a Foreign Claim to the extent that the aggregate amount of such payments exceeds the postpetition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever and (c) the creditor's Foreign Claim shall be reinstated in such an amount so as to restore the Debtors and the Foreign Creditor to their original positions as if no payment of Foreign Claim had been made; and it is further

ORDERED that the Debtors shall maintain a matrix summarizing (a) the name of each Foreign Creditor paid on account of Foreign Claims, (b) the amount paid to each Foreign Creditor on account of its Foreign Claim and (c) the goods or services provided by such Foreign Creditor. This matrix will be provided (i) bi-weekly until a final order granting the relief requested herein is entered and (ii) monthly thereafter to the U.S. Trustee, the professionals to the official committee of unsecured creditors (the "**Committee**") and the administrative agents for the Debtors' proposed postpetition lenders (the "**DIP Agents**") via their attorneys; *provided, however*, that the professionals to the Committee shall keep the matrix confidential on a professionals-only basis and the

DIP Agents and their professionals shall keep the matrix confidential and, in each case, shall not disclose any of the information in the matrix to anyone, including, but not limited to, any member of the Committee and any of the Debtors' postpetition lenders, without prior written consent from the Debtors; and it is further

ORDERED that all applicable banks and other financial institutions are hereby authorized to receive, process, honor, and pay any and all checks, drafts, wires, check transfer requests or automated clearing house transfers evidencing amounts paid by the Debtors under this Interim Order, whether presented prior to or after the Petition Date to the extent the Debtors have good funds standing to their credit with such bank or other financial institution. Such banks and financial institutions are authorized to rely on representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Interim Order without any duty of further inquiry and without liability for following the Debtors' instructions; and it is further

ORDERED that the Debtors may serve a written notice, substantially in the form attached to the Motion as Exhibit B, which notice is hereby approved, in the Debtors' sole discretion and in lieu of this Order, upon Foreign Creditors; and it is further

ORDERED that nothing contained in this Order shall be deemed to constitute an assumption or postpetition reaffirmation of any executory contract or to require the Debtors to make any of the payments or to post any of the deposits authorized herein; and it is further

ORDERED that nothing in this Order shall be construed as impairing the Debtors' right to contest the validity or amount owed to the Foreign Creditors, and all of the Debtors' rights with respect thereto are hereby reserved; and it is further

ORDERED that notwithstanding the relief requested herein, the Debtors and other parties in interest retain all of their rights and remedies under the Bankruptcy Code and other applicable law to pursue any cause of action against any Foreign Creditor, including, but not limited to, a violation of the automatic stay pursuant to section 362(a)(6) of the Bankruptcy Code; and it is further

ORDERED that notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or any other Bankruptcy Rule, the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that to the extent that there may be any inconsistency between the terms of the interim or final order approving the proposed debtor in possession financing, if and when entered, and this Interim Order, the terms of the interim or final order approving the proposed debtor in possession financing, as applicable, shall govern; and it is further

ORDERED that the requirements of Bankruptcy Rule 6003 are satisfied by the contents of the Motion and the arguments and evidence presented at the hearing; and it is further

ORDERED that within three business days of the entry of this Order, the Debtors shall serve a copy of this Order and the Motion on (a) the Office of the United States Trustee for the Southern District of New York, (b) those creditors holding the five largest secured claims against the Debtors' estates on a consolidated basis, (c) those creditors holding the 50 largest unsecured claims against the Debtors' estates on a consolidated basis, (d) attorneys for the administrative agents for the Debtors' proposed postpetition lenders, (e) the Internal Revenue Service, (f) the Securities and Exchange Commission,

(g) the United States Environmental Protection Agency and (h) the United States Attorney's Office for the Southern District of New York; and it is further

ORDERED that any objection to the relief requested in the Motion on a permanent basis must, by 4:00 p.m. (prevailing Eastern Time) on [_____] (the "**Objection Deadline**"), be: (a) filed with the Court and (b) actually received by (i) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Elisabetta G. Gasparini and Paul K. Schwartzberg, (ii) 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, (iii) attorneys for the administrative agents for the Debtors' proposed postpetition lenders, Weil Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attn: Marcia Goldstein and Joseph Smolinsky, and Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019, Attn: Margot B. Schonholtz and Ana Alfonso and (iv) the attorneys for any official committee of unsecured creditors then appointed in these cases; and it is further

ORDERED that a reply to an Objection may be filed with the Court and served on or before 12:00 p.m. (prevailing Eastern Time) on the day that is two days before the date of the applicable hearing; and it is further

ORDERED that if timely objections are received there shall be a hearing held on _____, 2012, at _____ (prevailing Eastern Time) to consider the timely objections to the Motion; and it is further

ORDERED that if no Objections are timely filed and served as set forth herein, the Debtors shall, on or after the Objection Deadline, submit to the Court a final order substantially in the form of this Interim Order, which order shall be submitted and may be

entered with no further notice or opportunity to be heard afforded any party, and the Motion shall be approved *nunc pro tunc* to the date of the commencement of these chapter 11 cases; and it is further

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

ORDERED that this Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Interim Order.

Dated: New York, New York

_____, 2012

UNITED STATES BANKRUPTCY JUDGE

Exhibit B

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

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-[] (___)

(Jointly Administered)

**NOTICE OF ENTRY OF ORDER AUTHORIZING DEBTORS TO PAY
PREPETITION OBLIGATIONS OWED TO FOREIGN CREDITORS**

PLEASE TAKE NOTICE that, on [], 2012, the United States Bankruptcy Court for the Southern District of New York entered an order authorizing, but not directing, Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in the above-referenced cases filed under chapter 11 of the United States Bankruptcy Code to pay obligations incurred prior to the filing of their bankruptcy petitions and owed to foreign creditors.

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.

Dated: New York, New York
[], 2012

By: _____

Marshall S. Huebner
Damian S. Schaible
Brian M. Resnick
Michelle M. McGreal

DAVIS POLK & WARDWELL LLP
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New York, New York 10017
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*Proposed Counsel to the Debtors
and Debtors in Possession*