

Objection Deadline: December 7, 2012 at 4:00 p.m. (prevailing Eastern Time)
Hearing Date (if necessary): To Be Determined

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 607-7983
Marshall S. Huebner
Damian S. Schaible
Brian M. Resnick
Darren S. Klein

*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)

**NOTICE OF PRESENTMENT OF STIPULATION AND ORDER
AUTHORIZING AND APPROVING (i) THE DEBTORS'
ASSUMPTION OF CERTAIN INSURANCE PROGRAMS,
AND (ii) THE DEBTORS' ENTRY INTO INSURANCE PROGRAMS**

PLEASE TAKE NOTICE that the Stipulation and Order Pursuant to Sections 105(a), 363(b) and 365(c) of the Bankruptcy Code Authorizing and Approving (i) the Debtors' Assumption of Certain Insurance Programs, and (ii) the Debtors' Entry into Insurance Programs attached hereto as Exhibit A (the "**Stipulation and Order**") shall be presented to the Honorable Shelley C. Chapman, United States Bankruptcy Judge at the United States Bankruptcy Court for the Southern District of New York, Courtroom 621, One Bowling Green, New York, New York

¹ The Debtors are the entities listed on Schedule 1 hereto. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors' chapter 11 petitions.

10004 for signature as soon as reasonably practicable after the Objection Deadline (as defined below).

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Stipulation and Order and the relief requested therein must be served, in accordance with this Court's Order Establishing Certain Notice, Case Management and Administrative Procedures entered by the Court on October 18, 2012 [Docket No. 1386] (the "**Case Management Order**"), so as to be actually received by (a) the chambers of the Honorable Shelley C. Chapman, Courtroom 621, One Bowling Green, New York, New York 10004, (b) counsel to the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Brian M. Resnick, (c) conflicts counsel to the Debtors, Curtis, Mallet-Prevost, Colt & Mosle LLP, 101 Park Avenue, New York, New York 10178, Attn: Steven J. Reisman and Michael A. Cohen, (d) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, Suite 2100, New York, New York 10004, Attn: Andrea B. Schwartz and Paul K. Schwartzberg, (e) counsel to the official committee of unsecured creditors, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Thomas Moers Mayer, Adam C. Rogoff and Gregory G. Plotko, (f) the Debtors' authorized claims and noticing agent, Patriot Coal Corporation, c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio 43017-5798, (g) the attorneys for the administrative agents for the Debtors' postpetition lenders, (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky and (ii) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso, (i) counsel for the Insurers, AIG Property Casualty, 180 Maiden Lane, 37th Floor, New York, New York

10038, Attn: Michelle A. Levitt, no later than 4:00 p.m. (prevailing Eastern Time) on December 7, 2012 (the “**Objection Deadline**”).

PLEASE TAKE FURTHER NOTICE that if no objection has been properly filed, served and received by the Objection Deadline, the Court may enter the Stipulation and Order without further notice, submission or hearing. In the event one or more objections to the Stipulation and Order are timely served and filed, and such objection(s) are not withdrawn or otherwise resolved, a hearing shall be held to consider such timely objections to the Stipulation and Order at a date and time to be determined.

Dated: New York, New York
November 27, 2012

By: /s/ Brian M. Resnick

Marshall S. Huebner
Damian S. Schaible
Brian M. Resnick
Darren S. Klein

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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)

**STIPULATION AND ORDER PURSUANT TO SECTIONS 105(a), 363(b) AND
365(a) OF THE BANKRUPTCY CODE AUTHORIZING AND APPROVING
(i) THE DEBTORS' ASSUMPTION OF CERTAIN INSURANCE PROGRAMS,
AND (ii) THE DEBTORS' ENTRY INTO INSURANCE PROGRAMS**

WHEREAS, on July 9, 2012 (the "**Petition Date**"), each Debtor commenced with this Court a voluntary chapter 11 case under title 11 of the United States Code (the "**Bankruptcy Code**") and 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;

WHEREAS, prior to the Petition Date, commencing on November 1, 2007, (i) National Union Fire Insurance Company of Pittsburgh, Pa. and/or certain of its affiliates (collectively, the "**Insurers**") issued certain General Liability, Automobile Liability insurance policies to the Debtors for a policy period ending November 1, 2012 and (ii) the Insurers issued certain Statutory Workers' Compensation insurance policies to the Debtors for a policy period ending November 1, 2012 (collectively, the "**Existing Insurance Programs**");

WHEREAS, the Debtors have agreed with the Insurers to enter into renewal insurance programs for General Liability, Automobile Liability and Statutory Workers'

¹ The Debtors are the entities listed on the Notice of Presentment whereby this Stipulation and Order is presented to this Court. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors' chapter 11 petitions.

Compensation coverage for the policy year commencing November 1, 2012, and ending on November 1, 2013, under policy numbers 4807244, 4806731, 0898921 and 007209909, respectively (collectively, the “**Renewal Insurance Programs**” and together with the Existing Insurance Programs, the “**Insurance Programs**”) and to assume the Existing Insurance Programs in connection therewith;

WHEREAS, the Debtors seek the entry of this Stipulation and Order (this “**Stipulation and Order**”) pursuant to sections 105(a), 363 and 365(a) of the Bankruptcy Code and Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure authorizing such entry into the Renewal Insurance Programs and assumption of the Existing Insurance Programs;

WHEREAS, the estimated annual premium payments for the Renewal Insurance Programs will be \$438,984 for the General Liability and Automobile Liability insurance programs and \$4,258,607 for the Statutory Workers’ Compensation insurance programs;

WHEREAS, the Insurers hold and are beneficiary to certain letters of credit as collateral in the amount of \$10,145,000 on account of Statutory Workers’ Compensation insurance programs and \$861,630 on account of General Liability and Automobile Liability insurance programs (collectively, the “**Existing Collateral**”);

WHEREAS, the Insurers presently calculate, subject to the uncertainty of loss development, that they likely will be adequately collateralized under the letters of credit constituting the Existing Collateral in respect of the Existing Insurance Programs. In order for the Debtors to enter into the Renewal Insurance Programs with a reduced collateral requirement, the Insurers require (i) cross-collateralization of the General Liability and Automobile Liability Insurance programs with the Statutory Workers’ Compensation programs, and (ii) cross-collateralization of the Existing Insurance Programs with the Renewal Insurance

Programs. The Insurers also require that the Debtors provide the reduced additional collateral in the form of letters of credit in an aggregate amount of \$4,775,000 (the “**Renewal Collateral**” and together with the Existing Collateral, the “**Collateral**”); *provided that* upon payment of the annual premium and posting of the Renewal Collateral, the Debtors shall not be required to post any additional collateral on account of the Renewal Insurance Programs prior to November 1, 2013 for policy periods prior to November 1, 2013; and

WHEREAS, the Debtors, after undertaking extensive efforts to obtain competitive insurance quotes from numerous insurers and negotiating at arm’s length and in good faith with the Insurers, have determined in the exercise of their business judgment that entering into this Stipulation and Order is in the best interest of the Debtors, their estates and all creditors and parties in interest.

NOW, THEREFORE, IT IS HEREBY STIPULATED, ORDERED, AND AGREED, by and between the parties through their undersigned counsel, that:

1. The above recitals are incorporated herein as agreed and so-ordered.
2. The Debtors are authorized to assume and do hereby assume the Existing Insurance Programs in their entirety in accordance with section 365 of the Bankruptcy Code. The assumption of the Existing Insurance Programs is an exercise of the Debtors’ sound business judgment and is in the best interest of the Debtors and their estates. There are no defaults under the Existing Insurance Programs that preclude the assumption, the Debtors have satisfied all of their obligations under section 365(b)(1) of the Bankruptcy Code, and the Insurers shall not seek any cure payments or adequate assurance except as expressly set forth herein; *provided, however*, that (i) the Debtors shall pay any undisputed amounts currently due under the

Insurance Programs in the ordinary course of the Debtors' businesses, and (ii) any currently disputed amounts will be resolved in accordance with the terms of the Insurance Programs.

3. In furtherance of the authority granted by this Court pursuant to the Final Order Authorizing (i) Debtors to Continue and Renew Their Liability, Property, Casualty and Other Insurance Programs and Honor All Obligations in Respect Thereof and (ii) Financial Institutions to Honor and Process Related Checks and Transfers, entered on August 2, 2012 [ECF No. 258], the Debtors are hereby authorized to enter into the Renewal Insurance Programs pursuant to section 363 of the Bankruptcy Code.

4. The Debtors are hereby authorized to execute all documentation reasonably necessary to assume the Existing Insurance Programs and to enter into the Renewal Insurance Programs.

5. The Debtors are hereby authorized to enter into further renewals of the Insurance Programs without further order of this Court, and this Stipulation and Order shall govern such renewals.

6. The Debtors are hereby authorized to pay their obligations under the Insurance Programs, including, without limitation, premium and losses, in the ordinary course of business, in accordance with the relevant terms of the Insurance Programs, without further order of this Court.

7. In the event of a default by the Debtors under the Insurance Programs, the Insurers may exercise all contractual rights in accordance with the terms of the Insurance Programs without further order of this Court, but upon notice to the Debtors and at least a five-business day (or such later time period as provided by contract or applicable law) opportunity to cure any such defaults, including, without limitation, their rights to (i) cancel the Renewal

Insurance Programs, and (ii) foreclose on any Collateral, in part or in full, in which they have a security interest and which may be subject to the automatic stay only insofar as it relates to the Insurance Programs.

8. The reimbursement obligations and any other obligations under the Insurance Programs (regardless of whether all or any part of such obligations are liquidated before or after confirmation of a plan or conversion of one or more of the pending cases to chapter 7) shall be administrative obligations entitled to priority under section 503(b) of the Bankruptcy Code.

9. The Insurers shall be exempt from any bar date that may be issued for the filing of any proof of claim relating to administrative expenses for the Insurance Programs and no proof of claim need be filed by the Insurers in respect of such bar date.

10. All collateral or security held as of the date hereof by the Insurers and all prior payments to the Insurers under the Insurance Programs are approved as unavoidable transfers under the Bankruptcy Code and applicable state law. The Insurers are authorized to retain and use such collateral or security, any additional or replacement collateral or security, and any prior or future payment that may be provided to the Insurers, in each case in accordance with the Insurance Programs' terms; *provided, however*, that the Insurers are required to return to the Debtors any unearned premium payments in respect of the Renewal Insurance Programs for the policy period commencing November 1, 2012 in accordance with the Renewal Insurance Programs' terms.

11. The Insurers may adjust, settle and pay insured claims, utilize funds provided for that purpose, and otherwise carry out the terms and conditions of the Insurance Programs, without further order of this Court; *provided, however*, that nothing herein shall be deemed to grant relief from the automatic stay to a claimant to pursue any claim against the Debtors.

12. The Debtors' rights against all collateral held by the Insurers shall be governed by the terms of the Insurance Programs and the related security documentation, including but not limited to any arbitration provisions contained therein. The Debtors shall not seek to estimate, under section 502(c) of the Bankruptcy Code, any claim of the Insurers on account of security held by the Insurers pursuant to the Insurance Programs.

13. This Stipulation and Order shall inure to the benefit of and shall be binding on the Insurers, the Debtors, their respective successors in interest and assigns.

14. This Stipulation and Order shall only relate to the matters specifically referenced herein.

15. This Stipulation and Order may be signed in counterparts and by facsimile, with each signed counterpart being deemed a part of the original document.

16. This Stipulation and Order may not be modified, altered or amended except by a writing signed by the parties hereto.

17. This Court shall retain jurisdiction to resolve all matters relating to the
implementation of this Stipulation and Order.

Dated: New York, New York
November 27, 2012

By: /s/ Michelle A. Levitt
Michelle A. Levitt

By: /s/ Brian M. Resnick
Marshall S. Huebner
Damian S. Schaible
Brian M. Resnick
Darren S. Klein

AIG Property Casualty
180 Maiden Lane, 37th Floor
New York, NY 10038

Counsel for Insurers

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 607-7983

*Counsel to the Debtors
and Debtors in Possession*

SO ORDERED:

Dated: New York, New York

_____, 2012

THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE