

ROSENBERG, MUSSO & WEINER, L.L.P.
26 Court Street
Suite 2211
Brooklyn, NY 11242-1125
Tel: (718) 855-6840
Fax: (718) 625-1966
Bruce Weiner

Counsel to Lawson Heirs Incorporated

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

In re:	:	Chapter 11
	:	
PATRIOT COAL CORPORATION, et al.,	:	Case No. 12-12900 (SCC)
	:	
Debtors.	:	(Jointly Administered)

**OBJECTION OF LAWSON HEIRS INCORPORATED TO THE DEBTORS’
MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR AN ORDER
APPROVING GLOBAL SETTLEMENT AGREEMENT WITH THE
OHIO VALLEY ENVIRONMENTAL COALITION, THE SIERRA
CLUB, AND WEST VIRGINIA HIGHLANDS CONSERVANCY**

Lawson Heirs Incorporated (“LHI”) is a creditor in the above-styled matter, which owns real estate located in Logan County, West Virginia, including coal leased for mining to the Affiliated Debtor Apogee Coal Company, LLC (“Apogee”), a wholly-owned subsidiary of the Debtor, and hereby states its objections to the above-referenced settlement agreement, as follows.

1. On November 27, 2012, the Debtor filed its Motion Pursuant to Bankruptcy Rule 9019 for an Order Approving Global Settlement Agreement with the Ohio Valley Environmental Coalition, the Sierra Club, and the West Virginia Highlands Conservancy (Docket No. 1634), which included as Exhibit 1 attached thereto a settlement agreement (the “Global Settlement Agreement”) by and between the Debtor and the other named parties in the Motion, which

settlement was executed effective November 15, 2012, to resolve certain environmental issues and claims asserted in several citizen suits filed under the Federal Clean Water Act, 33 U.S.C. §§ 1251 *et seq.*, and pending before the United States District Court for the Southern District of West Virginia, including *Ohio Valley Environmental Coalition , Inc. et al. v. Apogee Coal Company, LLC et al.*, C.A. 3:07-0413 (“Apogee Litigation”).

2. LHI is a “land company” and is in the business of owning, managing and leasing its real properties for the production of coal, oil & gas, timber, and for other purposes, and owns extensive surface and/or mineral properties in Logan County, West Virginia.

3. LHI is vested with title in fee simple absolute to the “Garland Fork Tract”, comprising approximately one thousand, six hundred twenty-eight acres (1,628 ac.), including the underlying coal estate, which it leases to the Affiliated Debtor Apogee Coal Company, LLC, a wholly owned subsidiary of the Debtor, pursuant to the terms of Combined, Amended and Restated Coal Lease, as amended, entered and dated October 31, 1994, (hereinafter “Coal Lease”) by LHI, as Lessor, which has granted to Apogee, as Lessee, the right to develop, produce, mine, transport and market any and all coal on the Garland Fork Tract by the methods of auger mining, surface mining (including ‘mountaintop removal mining’) and underground mining.

4. The lessee, the Affiliated Debtor, Apogee, and its predecessors have maintained mining operations under the Coal Lease on the Garland Fork Tract for several decades and continue to maintain and operate mining operations, both directly and through a sub-lessee, to the present day.

5. Pursuant to Section 11(a) of the Coal Lease, the lessee, the Affiliated Debtor and Apogee have a contractual obligation to act in a “careful, skillful, efficient and workmanlike manner” to develop, produce, mine and market all the coal on the Garland Fork Tract.

6. As the lessee under the Coal Lease, the Affiliated Debtor, Apogee, is subject to implied common law covenants of diligent mining to fully and completely develop, produce, mine and market any and all coal on the Garland Fork Tract.

7. The Global Settlement Agreement imposes certain potential limitations and restrictions on the mining of coal by the Debtor and Affiliated Debtors, and specifically and expressly applies those limitations to Apogee, including, but not limited to, the following: (a) Section 16 of the Agreement imposes annual caps on surface mining of coal starting at 6.5 million tons in 2014 and declining to 3.0 million tons annually in 2018 and thereafter, and (b) Section 12 of the Agreement bars the Debtor and Apogee from submitting new applications for “Section 404 Permits” (being those permits issued by the Army Corps of Engineers under FCWA Section 404 and being necessary for the filling of watercourses), which Permits are essential for both surface and deep mining of coal.

8. The limitations and restrictions of the Global Settlement Agreement may compel Apogee to violate its contractual and common law obligations to LHI to fully and completely develop, produce, mine and market the coal on the Garland Fork Tract, thereby resulting in a diminution of the coal produced therefrom and the royalties paid to LHI.

9. LHI objects to the Global Settlement Agreement on the grounds that it sets future coal production limits that may result in Apogee’s committing an anticipatory breach of the Coal Lease with LHI and a violation and breach of Apogee’s contractual obligations under the Lease to develop, produce, mine and market the coal on the Garland Fork Tract as well as a breach of

Apogee's common law covenants of diligent mining and to fully and completely develop, produce, mine and market any and all coal on the Garland Fork Tract.

10. LHI objects to the Global Settlement Agreement on the grounds that a future breach of the Agreement, or failure of performance, by Apogee, and also the Agreement's lack of a compressive perpetual treatment plan and funding mechanism for any water discharges that may violate applicable water effluent requirements under the relevant environmental permits, could result in LHI's being exposed to liability for future site clean-up and monitoring costs under the terms of the Global Settlement Agreement and related Consent Decrees.

WHEREFORE, LHI asks that its objections be sustained and that the Court grant it such other and further relief as the Court may deem just and proper.

Dated: New York, New York
December 7, 2012

By: /s/ Bruce Weiner
Bruce Weiner

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Suite 2211
Brooklyn, NY 11242-1125
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CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing to be sent by electronic delivery to all parties consenting to service through the Court's CM/ECF system and via U.S. mail to the "Core Parties" as defined in the Court's Order Establishing Certain Notice, Case Management and Administrative Procedures [ECF No. 84], this 7th day of December, 2012.

/s/ Bruce Weiner