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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 AUTHORITY TO (i) ENTER INTO AND PERFORM
UNDER COAL SALE CONTRACTS IN THE ORDINARY COURSE OF
BUSINESS AND (ii) ESTABLISH CERTAIN
PROCEDURES WITH RESPECT THERETO**

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 seek an interim order in the form attached hereto as Exhibit A (the "**Interim Order**"), pursuant to sections 105(a) and 363 of the Bankruptcy Code, (i) authorizing the Debtors to enter into and perform under

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.

coal sale contracts in the ordinary course of business and (ii) establishing certain procedures (the “**Procedures**”) with respect thereto.

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. 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**”).

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, 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.

The Coal Sale Contracts

6. Before the Petition Date, the Debtors routinely and in the ordinary course of their businesses entered into contracts with customers to sell coal from the Debtors' mining operations or acquired from other sources ("**Coal Sale Contracts**").²

7. Entering into and performing under Coal Sale Contracts represents a core and absolutely critical part of the Debtors' operations. In a typical year, the Debtors enter into and perform under scores of Coal Sale Contracts. Coal sales generate virtually all of the Debtors' revenues. The Debtors submit it is beyond peradventure that entering into and performing under Coal Sale Contracts is within the ordinary course of their businesses.³

8. Because year-long and multi-year Coal Sale Contracts often cover the delivery of hundreds of thousands of tons of coal and hundreds of millions of dollars in aggregate purchase price, counterparties may be unwilling to transact with the Debtors without specific authorization from this Court. If the Debtors had to seek Court approval every time they wished to enter into a new Coal Sale Contract, the Debtors believe that they would be at a competitive disadvantage to their more-nimble competitors, resulting in a loss of customers and revenues, thus endangering their chances of successfully reorganizing. In the highly competitive coal market, the Debtors must be able to enter

² Solely for the purposes of the Procedures and the calculation of the Contract Amount (as defined below), entry into a series of related Coal Sale Contracts within any given thirty-day period between any of the Debtors, on the one hand, and any given counterparty or its affiliates, on the other hand, shall be deemed to be entry into a single Coal Sale Contract.

³ Also, in the ordinary course of business, the Debtors negotiate and enter into amendments to various Coal Sale Contracts. Nothing herein should be construed to limit the Debtors' ability to amend Coal Sale Contracts in the ordinary course of business; *provided* that, if a Coal Sale Contract amendment would be subject to the Procedures were it a newly entered into Coal Sale Contract, such amendment shall be subject to the Procedures proposed herein.

into Coal Sale Contracts quickly and efficiently or else they risk losing revenue if certain counterparties are unwilling to accept any perceived risk regarding whether the Coal Sale Contracts are within the ordinary course of the Debtors' businesses.

9. At this critical early stage of the Debtors' restructuring process, the Debtors must be allowed to continue generating revenue from new Coal Sale Contracts. The loss of even a handful of new Coal Sale Contracts could materially impact the Debtors' business plan and jeopardize their reorganization. Thus, it is critical that the Debtors are able to reassure their counterparties that entering into new Coal Sale Contracts with the Debtors is permissible under applicable law and authorized by the Court.

10. In the normal course of operations, there can be a delay of up to a month or more in arranging transportation of coal to the Debtors' customers. For example, to reserve rail, barge or vessel transportation in August, the Debtors ordinarily would need to commit to the shipping provider by no later than the third week of July. The Debtors must therefore immediately begin to negotiate Coal Sale Contracts with potential customers to provide for timely August deliveries. Since the Debtors need to carefully manage their inventory levels to remain competitive and maintain their liquidity, any disruption in sales or shipping is likely to lead to the idling of mining complexes. Immediate relief is required to maximize the Debtors' revenues and chance of successful reorganization. Granting the relief requested herein would clearly benefit the Debtors' estates and promote the interests of all stakeholders.

11. Moreover, the metallurgical coal ("**Met Coal**") market, which accounts for approximately one quarter of the Debtors' sales volume and a substantial portion of

their profits, is primarily priced annually. In the domestic Met Coal market, such prices reset on January 1 and Met Coal purchasers typically begin the process of contracting for their coal supplies early in the third quarter of the year. The Debtors' preparations for the start of this Met Coal sales process are already underway. The Debtors' ability to successfully enter into these Met Coal contracts depends in large part on the counterparties' confidence in the Debtors' authority to enter into and perform under the applicable Coal Sale Contracts and will affect the Debtors' operations, revenues, profitability and workforce during all of 2013.

12. Pursuant to their company policies, the Debtors also follow an internal review and approval procedures before entering into Coal Sale Contracts. Such internal procedures help the Debtors ensure that entering into a Coal Sale Contract makes good business sense and is in the Debtors' best interests. The Debtors will, of course, continue to follow these internal procedures, as the same may be modified from time to time in the Debtors' business judgment.

The Procedures

13. The Debtors request that the following Procedures be implemented in connection with their entry into and performance under Coal Sale Contracts. For purposes of the Procedures, the "**Contract Amount**" shall be the gross revenue expected over the contract term (to the extent quantifiable or reasonably estimable, as reasonably determined by the Debtors in their sole discretion).

14. **Tier 1 Coal Sale Contracts:** With respect to Coal Sale Contracts for which the Contract Amount is **less than or equal to \$125,000,000**, the Debtors, in their sole discretion and without further action by this Court or notice to any party, may enter

into and perform under such Coal Sale Contracts and take any further actions and execute any agreements or other documentation that are necessary or desirable to effectuate such Coal Sale Contracts and the transactions contemplated thereunder.

15. **Tier 2 Coal Sale Contracts:** With respect to Coal Sale Contracts for which the Contract Amount is **greater than \$125,000,000 and less than or equal to \$200,000,000**, the following procedures shall be followed:⁴

(a) The Debtors shall serve via email a notice specifying the Coal Sale Contract to be entered into, its term, the volume of coal to be sold and the applicable sale prices (the “**Confidential Notice**”) on the following parties: (i) the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), (ii) the attorneys for any official committee of unsecured creditors then appointed in these cases on a professionals-only basis and (iii) the administrative agents for the Debtors’ proposed postpetition lenders (the “**DIP Agents**”) via their attorneys, Weil, Gotshal & Manges LLP and Willkie Farr & Gallagher LLP (collectively the “**Notice Parties**”), who shall be authorized to share the Confidential Notice with any professionals to the DIP Agents on a confidential basis.

(b) The deadline for submitting an objection (a “**Contract Objection**”) to the proposed Coal Sale Contract shall be 72 hours after the Confidential Notice is served on the Notice Parties (the “**Tier 2 Contract Objection Deadline**”).

(c) A Contract Objection will be considered timely only if it is actually received, including via email, by (i) the Debtors, 500 Lee Street East, Charleston,

⁴ Prior to the appointment of the official committee of unsecured creditors, the Debtors shall follow the Procedures for Tier 3 Coal Sale Contracts prior to entering into a Tier 2 Coal Sale Contract.

WV 25301, Attn: Bob Bennett and (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 (collectively, the “**Objection Notice Parties**”) on or before the Tier 2 Contract Objection Deadline.

(d) If no Contract Objections are timely received by the Contract Objection Deadline, the Debtors may immediately enter into and perform under the Coal Sale Contracts listed in the Confidential Notice and take any actions and execute any agreements or other documentation that are necessary or desirable to effectuate such contracts and the transactions contemplated thereunder. If a Contract Objection is timely received and cannot be settled by the Debtors and the objecting parties, the Coal Sale Contract that is the subject of the Contract Objection will not be entered into except upon Court order; *provided, however*, that any Coal Sale Contract set forth in the Confidential Notice that is not the subject of a Contract Objection may be immediately entered into in accordance with the foregoing sentence.

16. **Tier 3 Coal Sale Contracts:** With respect to Coal Sale Contracts for which the Contract Amount is **greater than \$200,000,000**, the following procedures shall be followed:

(a) The Debtors shall file with the Court a notice specifying the Coal Sale Contract to be entered into and the applicable Contract Amount, and serve via email a Confidential Notice on the Notice Parties.

(b) The deadline for submitting a Contract Objection to the proposed Coal Sale Contract shall be 72 hours after the Confidential Notice is filed with the Court and served on the Notice Parties (the “**Tier 3 Contract Objection Deadline**”).

(c) A Contract Objection will be considered timely only if it is filed with the Court and served so as to be actually received, including via email, by (i) the Objection Notice Parties and (ii) the Notice Parties on or before the Tier 3 Contract Objection Deadline.

(d) If no Contract Objections are timely received by the Contract Objection Deadline, the Debtors may immediately enter into and perform under the Coal Sale Contracts listed in the Confidential Notice and take any actions and execute any agreements or other documentation that are necessary or desirable to effectuate such contracts and the transactions contemplated thereunder. If a Contract Objection is timely received and cannot be settled by the Debtors and the objecting parties, the Coal Sale Contract that is the subject of the Contract Objection will not be entered into except upon order of the Court; *provided, however*, that any Coal Sale Contract set forth in the Confidential Notice that is not the subject of a Contract Objection may be immediately entered into in accordance with the foregoing sentence.

The Coal Sale Contracts are Ordinary Course Transactions

17. Section 363 of the Bankruptcy Code provides, in relevant part, that a debtor in possession “may enter into transactions . . . in the ordinary course of business without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). Section 363 is designed to serve the “‘overriding goal of maximizing the value of the estate’ by striking the optimal

balance between the interests of the debtor and the creditors.” *Habinger, Inc. v. Metropolitan Cosmetic and Reconstructive Surgical Clinic, P.A.*, 124 B.R. 784, 786 (Bankr. D. Minn. 1990) (citing *United States ex rel. Harrison v. Estate of Deutscher*, 115 B.R. 592 (Bankr. M.D. Tenn. 1990)). Moreover, “[t]he ‘ordinary course of business’ standard is intended to allow a debtor the flexibility it needs to run its business and respond quickly to changes in the business climate.” *Habinger*, 124 B.R. at 786.

18. Coal Sale Contracts are the core of the Debtors’ businesses, virtually their sole source of revenue and without question transactions in the ordinary course of their businesses. See *In re Lavigne*, 114 F.3d 379, 384 (2d Cir. 1997) (holding that “ordinary course of business” is meant to “embrace the reasonable expectations of interested parties of the nature of transactions that the debtor would likely enter in the course of its normal, daily business.”) (quoting *In re Watford*, 159 BR. 597, 599 (M.D. Ga. 1993)); *In re Roth Am., Inc.*, 975 F.2d 949, 952 (3rd Cir. 1992) (stating that section 363 of the Bankruptcy Code is designed to allow a debtor in possession flexibility to engage in ordinary transactions without unnecessary oversight).

19. The Bankruptcy Code does not define “ordinary course of business.” However, “through a synthesis of case law, courts have developed a workable analytical framework for determining whether an activity is within the debtor’s ‘ordinary course of business.’” *In re Husting Land & Dev., Inc.*, 255 B.R. 772, 778 (Bankr. D. Utah 2000), *aff’d*, 274 B.R. 906 (D. Utah 2002); *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986), *rev’d on other grounds*, 801 F.2d 60 (2d Cir. 1986). The “reasonable expectations” test was first articulated by the bankruptcy court in the Southern District of New York in *In re James A. Phillips, Inc.* 29 B.R. 391 (Bankr.

S.D.N.Y. 1983). That court explained that “[t]he touchstone of ‘ordinariness’ is the interested parties’ reasonable expectations of what transactions the debtor in possession is likely to enter in the course of its business. So long as the transactions conducted are consistent with these expectations, creditors have no right to notice and hearing.” *Id.* at 394.

20. A fundamental characteristic of an “ordinary” postpetition business transaction is its similarity to a prepetition business practice. *In re Nat’l Lumber & Supply, Inc.*, 184 B.R. 74, 79 (B.A.P. 9th Cir. 1995); *James A. Phillips*, 29 B.R. at 394. The size, nature and type of business, and the size and nature of the transactions in question, are all relevant to determining whether the transactions are ordinary. *Harrison*, 115 B.R. at 598; *Johns-Manville*, 60 B.R. at 617. Postpetition Coal Sale Contracts will generally be the same types as prepetition Coal Sale Contracts, with the same types of parties, a similar size and nature of transactions, and for the same reasons. Without question, the expectation of the Debtors’ creditors includes the Debtors continuing to enter into Coal Sale Contracts.

21. The Debtors should be authorized to enter into Coal Sale Contracts without further order of this Court. Even the Tier 2 Coal Sale Contract limit of \$200,000,000 is tens of millions less than the amount that would require the authorization of the executive committee of the Debtors’ board of directors and hundreds of millions less than the amount that would require the authorization of the Debtors’ board of directors. Although the Debtors believe that Coal Sale Contract transactions are certainly within the ordinary course of their businesses and that they can enter into these contracts without notice and a hearing, the Debtors request that the Court enter an order

authorizing the Procedures because certain counterparties may be unwilling to accept any perceived risk regarding whether the Coal Sale Contracts are within the ordinary course of business. Competitor coal suppliers that are not in chapter 11 would then have a material advantage over the Debtors, to the detriment of all parties in interest.

**Alternatively, Approval of the Procedures is in the Best Interests
of the Debtors and their Estates and Creditors**

22. Alternatively, if entry into certain Coal Sale Contracts are deemed or determined not to be in the ordinary course of the Debtors' businesses, then the Debtors request that the Court enter an order pursuant to section 363(b)(1) of the Bankruptcy Code authorizing the Debtors to enter into Coal Sale Contracts pursuant to the Procedures.

23. 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." 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 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) (same); *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 that the standard for determining a section 363(b) motion is "good business reason").

24. 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.” *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. The Debtors submit that the requested relief represents a sound exercise of the Debtors’ business judgment and is justified under section 363(b).

25. The Procedures will expedite the flow of cash into the estates, eliminating the need to prepare and prosecute motions and obtain express court approval of every Coal Sale Contract. In addition, the Procedures will protect the Debtors against the risk of losing business opportunities, maximize the Debtors’ active workforce, save the Debtors significant administrative costs, reduce professionals’ fees and enable them to continue their businesses and generate revenues for the benefit of the Debtors’ estates and their creditors. The Procedures constitute the most efficient and cost-effective way to protect the Debtors’ capacity to continue their businesses by allowing the Debtors to enter into and perform under Coal Sale Contracts whenever appropriate in the Debtors’

business judgment, while protecting the best interests of the Debtors, their estates, and their creditors.

Necessity for Immediate Relief

26. 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, grant . . . (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” As set forth above, in light of the substantial, immediate and irreparable harm to the Debtors’ business operations, including the potential idling of certain mining complexes, that would result if customers perceive that the Debtors are not authorized to enter into and perform under Coal Sale Contracts, the interim relief requested herein is consistent with Bankruptcy Rule 6003.

Request for Waiver of Stay

27. 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 fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

Interim Order

28. The Debtors seek the relief requested in this Motion in the form of the Interim Order attached hereto as Exhibit A. Within three business days of the entry of

the Interim Order, the Debtors will serve a copy of the Interim Order and this Motion on (a) 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.

29. 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) attorneys for any official committee of unsecured creditors then appointed in these cases.

30. 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 at least two business days before the date of the applicable hearing

31. 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 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.

32. The foregoing notice procedures satisfy Bankruptcy Rule 9014 by providing parties 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.

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 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.

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

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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

Proposed Order

**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 THE DEBTORS TO
(i) ENTER INTO AND PERFORM UNDER COAL SALE CONTRACTS IN THE
ORDINARY COURSE OF BUSINESS AND
(ii) ESTABLISH CERTAIN PROCEDURES WITH RESPECT THERETO**

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**”) for an order (i) authorizing the Debtors to enter into and perform under coal sale contracts in the ordinary course of business and (ii) establishing certain procedures with respect thereto, pursuant to sections 105(a) and 363 of the Bankruptcy Code, 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 Proceedings Under Title 11, dated July

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 it in the Motion.

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 immediate and 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 the relief requested in the Motion is hereby granted as set forth herein; and it is further

ORDERED that the Debtors, in their sole discretion, are authorized to enter into and fully perform under Coal Sale Contracts in the ordinary course of business, subject to the Procedures (as defined below), and take any actions and execute any agreements or other documentation that are necessary or desirable to effectuate the transactions contemplated thereunder; and it is further

ORDERED that, solely for the purposes of the Procedures and the calculation of the Contract Amount (as defined below), entry into a series of related Coal Sale Contracts within any given thirty-day period between any of the Debtors, on the one hand, and any given counterparty or its affiliates, on the other hand, shall be deemed to be entry into a single Coal Sale Contract; and it is further

ORDERED that the Procedures are hereby approved and may be implemented in the Debtors' chapter 11 cases; and it is further

ORDERED that if the Procedures conflict with any case management order entered in these cases (any "**Case Management Order**"), the Procedures shall control with respect to the entering into and performing under Coal Sale Contracts. In all other circumstances, except as otherwise provided by separate order, the applicable Case Management Order shall govern; and it is further

ORDERED that following procedures (the "**Procedures**") are hereby established:

1. For purposes of the Procedures, the "**Contract Amount**" shall be the gross revenue expected over the contract term (to the extent quantifiable or reasonably estimable, as reasonably determined by the Debtors in their sole discretion).

2. **Tier 1 Coal Sale Contracts:** With respect to Coal Sale Contracts for which the Contract Amount is **less than or equal to \$125,000,000**, the Debtors, in their sole discretion and without further action by this Court or notice to any party, may enter into and perform under such Coal Sale Contracts and take any further actions and execute any agreements or other documentation that are necessary or desirable to effectuate such Coal Sale Contracts and the transactions contemplated thereunder.

3. **Tier 2 Coal Sale Contracts:** With respect to Coal Sale Contracts for which the Contract Amount is **greater than \$125,000,000 and less than or equal to \$200,000,000**, the following procedures shall be followed:³

(a) The Debtors shall serve via email a notice specifying the Coal Sale Contract to be entered into, its term, the volume of coal to be sold and the applicable sale prices (the “**Confidential Notice**”) on the following parties: (i) the U.S. Trustee, (ii) the attorneys for any official committee of unsecured creditors then appointed in these cases on a professionals-only basis and (iii) the administrative agents for the Debtors’ proposed postpetition lenders (the “**DIP Agents**”) via their attorneys, Weil, Gotshal & Manges LLP and Willkie Farr & Gallagher LLP (collectively the “**Notice Parties**”), who are authorized to share the Confidential Notice with any professionals to the DIP Agents on a confidential basis.

(b) The deadline for submitting an objection (a “**Contract Objection**”) to the proposed Coal Sale Contract shall be 72 hours after the Confidential Notice is served on the Notice Parties (the “**Tier 2 Contract Objection Deadline**”).

³ Prior to the appointment of the official committee of unsecured creditors, the Debtors shall follow the Procedures for Tier 3 Coal Sale Contracts before entering into a Tier 2 Coal Sale Contract.

(c) A Contract Objection will be considered timely only if it is actually received, including via email, by (i) 500 Lee Street East, Charleston, WV 25301, Attn: Bob Bennett and (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 (collectively, the “**Objection Notice Parties**”) on or before the Tier 2 Contract Objection Deadline.

(d) If no Contract Objections are timely received by the Contract Objection Deadline, the Debtors may immediately enter into and perform under the Coal Sale Contracts listed in the Confidential Notice and take any actions and execute any agreements or other documentation that are necessary or desirable to effectuate such contracts and the transactions contemplated thereunder. If a Contract Objection is timely received and cannot be settled by the Debtors and the objecting parties, the Coal Sale Contract that is the subject of the Contract Objection will not be entered into except upon order of the Court; *provided, however*, that any Coal Sale Contract set forth in the Confidential Notice that is not the subject of a Contract Objection may be immediately entered into in accordance with the foregoing sentence.

4. **Tier 3 Coal Sale Contracts:** With respect to Coal Sale Contracts for which the Contract Amount is **greater than \$200,000,000**, the following procedures shall be followed:

(a) The Debtors shall file with the Court a notice specifying the Coal Sale Contract to be entered into and the applicable Contract Amount, and serve via email a Confidential Notice on the Notice Parties.

(b) The deadline for submitting a Contract Objection to the proposed Coal Sale Contract shall be 72 hours after the Confidential Notice is filed with the Court and served on the Notice Parties (the “**Tier 3 Contract Objection Deadline**”).

(c) A Contract Objection will be considered timely only if it is filed with the Court and served so as to be actually received, including via email, by (i) the Objection Notice Parties and (ii) the Notice Parties on or before the Tier 3 Contract Objection Deadline.

5. If no Contract Objections are timely received by the Contract Objection Deadline, the Debtors may immediately enter into and perform under the Coal Sale Contracts listed in the Confidential Notice and take any actions and execute any agreements or other documentation that are necessary or desirable to effectuate such contracts and the transactions contemplated thereunder. If a Contract Objection is timely received and cannot be settled by the Debtors and the objecting parties, the Coal Sale Contract that is the subject of the Contract Objection will not be entered into except upon Court order; *provided, however*, that any Coal Sale Contract set forth in the Confidential Notice that is not the subject of a Contract Objection may be immediately entered into in accordance with the foregoing sentence; and it is further

ORDERED that nothing herein shall impair the Debtors’ ability to conduct their business in the ordinary course of business without seeking approval of this Court; and it is further

ORDERED that nothing herein should be construed to limit the Debtors’ ability to amend Coal Sale Contracts in the ordinary course of business; *provided* that, if a Coal Sale Contract amendment would be subject to the Procedures were it a newly

entered into Coal Sale Contract, such amendment shall be subject to the Procedures proposed herein.; 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 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 the Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Interim Order; and it is further

ORDERED that within three business days of the entry of this Interim Order, the Debtors shall serve a copy of this Interim Order and the Motion on (a) 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 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) 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 at least 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 Petition Date; 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