

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION**

**In re:**

**PATRIOT COAL CORPORATION, *et al.*,**

**Debtors.<sup>1</sup>**

**Chapter 11**

**Case No. 12-51502-659**

**(Jointly Administered)**

Hearing Date: November 19, 2013

Hearing Time: 10:00 a.m. Central

Location: Courtroom 7-N, St. Louis

**DEBTORS' MOTION FOR ENTRY OF AN ORDER AUTHORIZING ASSUMPTION  
OF UNEXPIRED LEASE AND APPROVING SETTLEMENT OF CLAIMS OF  
CATERPILLAR FINANCIAL SERVICES CORPORATION**

Patriot Coal Corporation and its affiliated debtors (the "Debtors"), pursuant to 11 U.S.C. § 365 and Fed. R. Bankr. P. 9019, respectfully file this Motion for Entry of an Order Approving Assumption of Unexpired Lease and Related Documents Among Certain Debtors and Caterpillar Financial Services Corporation (the "Motion"). In support of this Motion, the Debtors show the Court as follows:

**Relief Requested**

1. By this Motion, the Debtors request that the Court enter an order, pursuant to 11 U.S.C. § 365(b) and Fed. R. Bankr. P. 9019, authorizing the Debtors to assume a certain unexpired equipment lease and lease schedules related thereto among certain of the Debtors and Caterpillar Financial Services Corporation ("Caterpillar Financial") and confirming the continued enforceability of related guaranties.

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<sup>1</sup> 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.

**Jurisdiction**

2. This Court has jurisdiction over this Motion under 28 U.S.C. § 1334. Venue of this proceeding is proper pursuant to 28 U.S.C. § 1409. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

**Background**

4. Ninety-nine of the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on July 9, 2012 (the “Petition Date”) in the United States Bankruptcy Court for the Southern District of New York.

5. On December 19, 2012, these Debtors’ cases were transferred to the United States Bankruptcy Court for the Eastern District of Missouri [Dkt. No. 1789].

6. The bar date for filing proofs of claim against these Debtors was December 14, 2012 [Dkt. No. 1388].

7. On March 1, 2013, the Court entered its Order Establishing Procedures for Claims Objections [Dkt. No. 3021].

8. Debtors Brody Mining, LLC and Patriot Ventures LLC filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on September 23, 2013 in this Court. The bar date for filing proofs of claim against these Debtors is October 24, 2013.

**The Lease Agreement**

9. Debtor Patriot Leasing Company LLC and Caterpillar Financial are parties to a Master Tax Lease Agreement, dated March 16, 2009, and numerous schedules thereto (collectively, the “Lease Agreement”), whereby the Debtors lease certain equipment from Caterpillar Financial (the “Equipment”). The term of the Lease Agreement has not expired and is continuing.

10. Thirteen other Debtors – Apogee Coal Company, LLC; Catenary Coal Company, LLC; Dakota LLC; Day LLC; Hobet Mining, LLC; Infinity Coal Sales, LLC; Jupiter Holdings LLC; Little Creek LLC; Panther LLC; Patriot Coal Corporation; Remington LLC; Viper LLC; and Wildcat, LLC (together, the “Guarantor Debtors”) – each executed a guaranty of payment of the obligations of Debtor Patriot Leasing Company, LLC (collectively, the “Guaranties”). The Guaranties and the Lease Agreement are related to same economic bargain among the Debtors and Caterpillar Financial.

11. Caterpillar Financial holds a valid pre-petition claim against the Debtors in the principal amount of \$303,941.91 for payments due under the Agreement and Guaranties.

12. Caterpillar Financial filed 14 proofs of claim, E.D. Mo. Claim Nos. 1612, 1615 – 1626, and 3871; GCG Claim Nos. 2451 – 2464 (the “Proofs of Claim”), against Patriot Leasing Company LLC, as well as each Guarantor Debtor. Each Proof of Claim asserts a secured claim of \$319,137.96 (the pre-petition amount owed plus finance charges), for a total of \$4,467,931.40.

**Basis for Relief**

13. The Debtors and Caterpillar Financial have negotiated an assumption of the Lease Agreement, allowing the Debtors to retain the Equipment that is essential to their operations, and

to cure the pre-petition amounts owed to Caterpillar Financial at a 20% discount on the pre-petition claim. The parties' agreement also will permit Caterpillar Financial to enforce the Guaranties according to their terms (excluding any default or acceleration arising from the commencement of these cases), notwithstanding the Debtors' general plan discharge of unsecured claims.

14. Section 365(a) of the Bankruptcy Code permits a debtor-in-possession to assume an executory contract or unexpired lease in the exercise of its sound business judgment. *See Group of Institutional Investors v. Chicago, Milwaukee, St. Paul & Pacific Ry. Co.*, 318 U.S. 523, 550 (1942); *Mercantile Trust Co. v. Farmers' Loan & Trust Co.*, 81 F. 254, 259 (8th Cir. 1897); *In re Food Barn Stores, Inc.*, 107 F.3d 558, 567 n.16 (8th Cir. 1997); *In re Crystalin, L.L.C.*, 293 B.R. 455, 463-64 (B.A.P. 8th Cir. 2003). The Debtors have exercised their business judgment prudently in this situation, electing to assume an advantageous agreement that is beneficial to their operations and in the best interest of their estates and obtaining a discounted cure obligation in negotiations with Caterpillar Financial.

15. Pursuant to 11 U.S.C. § 365 and Fed. R. Bankr. P. 9019, the parties request that the Court approve and enter an order containing the following terms (the "Settlement"):

- (a) The Debtors assume the Lease Agreement pursuant to 11 U.S.C. § 365.
- (b) Notwithstanding any discharge arising upon the confirmation of a plan of reorganization, each Guarantor Debtor shall continue to be bound by its Guaranty according to its terms (excluding any default or acceleration arising from the commencement of these cases).

- (c) Within ten days of entry of an Order approving this Motion, the Debtors will pay \$243,153.00 (the “Cure Amount”) in full satisfaction of Caterpillar Financial’s pre-petition claim pursuant to 11 U.S.C. § 365(b)(1)(A).
- (d) Upon proof of receipt of payment as described in Paragraph 15(c) above, Caterpillar Financial’s Proofs of Claim will be deemed withdrawn.

16. The Settlement is in the best interests of the Debtors and should be approved pursuant to Bankruptcy Rule 9019. A debtor-in-possession’s settlement is governed by Bankruptcy Rule 9019(a), which provides, in relevant part, that “[o]n motion by the [debtor in possession] and after notice and a hearing, the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a). This rule empowers bankruptcy courts to approve settlements “if they are in the best interests of the estate.” *In re Drexel Burnham Lambert Group, Inc.*, 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991). A decision to accept a compromise or settlement is within the sound discretion of the Court. *Tri-State Financial, LLC v. Lovald*, 525 F.3d 649, 654 (8th Cir. 2008) (citing *In re New Concept Housing, Inc.*, 951 F.2d 932, 939 (8th Cir. 1991) (“A bankruptcy court’s approval of a settlement will not be set aside unless there is plain error or abuse of discretion”)). The proposed settlement need not result in the best possible outcome for the debtor, but it must not “fall beneath the lowest point in the range of reasonableness.” *Tri-State Financial*, 525 F.3d at 654 (citing *Protective Committee for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968)); see also *Drexel Burnham Lambert Group*, 134 B.R. at 505.

17. The Settlement preserves the Debtors’ access to equipment necessary to operate their businesses and reduces the associated cure obligations substantially. It represents a sound

exercise of the Debtors' business judgment. The Court should approve the Settlement because it is in the best interests of the Debtors, their creditors, and the estates.

WHEREFORE, the Debtors respectfully request that this Court:

- (a) authorize the Debtors to assume the Lease Agreement;
- (b) authorize each Guarantor Debtor to continue to be bound by each Guaranty according to its terms (excluding any default or acceleration arising from the commencement of these cases), notwithstanding any discharge arising upon the confirmation of a plan of reorganization;
- (c) authorize a payment of \$243,153.00 to Caterpillar Financial as a Cure Amount;
- (d) order that, upon proof of receipt of payment as set forth above, Caterpillar Financial's Proofs of Claim be deemed withdrawn; and
- (e) grant such other and further relief as is just and proper.

Dated: October 29, 2013  
St. Louis, Missouri

Respectfully submitted,  
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**SCHEDULE 1**  
(Debtor Entities)

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| 1. Affinity Mining Company                               | 51. KE Ventures, LLC                         |
| 2. Apogee Coal Company, LLC                              | 52. Little Creek LLC                         |
| 3. Appalachia Mine Services, LLC                         | 53. Logan Fork Coal Company                  |
| 4. Beaver Dam Coal Company, LLC                          | 54. Magnum Coal Company LLC                  |
| 5. Big Eagle, LLC  | 55. Magnum Coal Sales LLC                    |
| 6. Big Eagle Rail, LLC                                   | 56. Martinka Coal Company, LLC               |
| 7. Black Stallion Coal Company, LLC                      | 57. Midland Trail Energy LLC                 |
| 8. Black Walnut Coal Company                             | 58. Midwest Coal Resources II, LLC           |
| 9. Bluegrass Mine Services, LLC                          | 59. Mountain View Coal Company, LLC          |
| 10. Brook Trout Coal, LLC                                | 60. New Trout Coal Holdings II, LLC          |
| 11. Catenary Coal Company, LLC                           | 61. Newtown Energy, Inc.                     |
| 12. Central States Coal Reserves of Kentucky, LLC        | 62. North Page Coal Corp.                    |
| 13. Charles Coal Company, LLC                            | 63. Ohio County Coal Company, LLC            |
| 14. Cleaton Coal Company                                 | 64. Panther LLC                              |
| 15. Coal Clean LLC                                       | 65. Patriot Beaver Dam Holdings, LLC         |
| 16. Coal Properties, LLC                                 | 66. Patriot Coal Company, L.P.               |
| 17. Coal Reserve Holding Limited Liability Company No. 2 | 67. Patriot Coal Corporation                 |
| 18. Colony Bay Coal Company                              | 68. Patriot Coal Sales LLC                   |
| 19. Cook Mountain Coal Company, LLC                      | 69. Patriot Coal Services LLC                |
| 20. Corydon Resources LLC                                | 70. Patriot Leasing Company LLC              |
| 21. Coventry Mining Services, LLC                        | 71. Patriot Midwest Holdings, LLC            |
| 22. Coyote Coal Company LLC                              | 72. Patriot Reserve Holdings, LLC            |
| 23. Cub Branch Coal Company LLC                          | 73. Patriot Trading LLC                      |
| 24. Dakota LLC   | 74. PCX Enterprises, Inc.                    |
| 25. Day LLC  | 75. Pine Ridge Coal Company, LLC             |
| 26. Dixon Mining Company, LLC                            | 76. Pond Creek Land Resources, LLC           |
| 27. Dodge Hill Holding JV, LLC                           | 77. Pond Fork Processing LLC                 |
| 28. Dodge Hill Mining Company, LLC                       | 78. Remington Holdings LLC                   |
| 29. Dodge Hill of Kentucky, LLC                          | 79. Remington II LLC                         |
| 30. EACC Camps, Inc.                                     | 80. Remington LLC                            |
| 31. Eastern Associated Coal, LLC                         | 81. Rivers Edge Mining, Inc.                 |
| 32. Eastern Coal Company, LLC                            | 82. Robin Land Company, LLC                  |
| 33. Eastern Royalty, LLC                                 | 83. Sentry Mining, LLC                       |
| 34. Emerald Processing, L.L.C.                           | 84. Snowberry Land Company                   |
| 35. Gateway Eagle Coal Company, LLC                      | 85. Speed Mining LLC                         |
| 36. Grand Eagle Mining, LLC                              | 86. Sterling Smokeless Coal Company, LLC     |
| 37. Heritage Coal Company LLC                            | 87. TC Sales Company, LLC                    |
| 38. Highland Mining Company, LLC                         | 88. The Presidents Energy Company LLC        |
| 39. Hillside Mining Company                              | 89. Thunderhill Coal LLC                     |
| 40. Hobet Mining, LLC                                    | 90. Trout Coal Holdings, LLC                 |
| 41. Indian Hill Company LLC                              | 91. Union County Coal Co., LLC               |
| 42. Infinity Coal Sales, LLC                             | 92. Viper LLC                                |
| 43. Interior Holdings, LLC                               | 93. Weatherby Processing LLC                 |
| 44. IO Coal LLC  | 94. Wildcat Energy LLC                       |
| 45. Jarrell's Branch Coal Company                        | 95. Wildcat, LLC                             |
| 46. Jupiter Holdings LLC                                 | 96. Will Scarlet Properties LLC              |
| 47. Kanawha Eagle Coal, LLC                              | 97. Winchester LLC                           |
| 48. Kanawha River Ventures I, LLC                        | 98. Winifrede Dock Limited Liability Company |
| 49. Kanawha River Ventures II, LLC                       | 99. Yankeetown Dock, LLC                     |
| 50. Kanawha River Ventures III, LLC                      | 100. Brody Mining, LLC                       |
|  | 101. Patriot Ventures LLC                    |