

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION**

**In re:**  
  
**PATRIOT COAL CORPORATION, *et al.*,**  
  
**Debtors.**

**Chapter 11  
Case No. 12-51502-659  
(Jointly Administered)**

**Objection Deadline:  
February 17, 2014 at 4:00 p.m.  
(prevailing Central Time)**

**Hearing Date (if necessary):  
March 25, 2014 at 10:00 a.m.  
(prevailing Central Time)**

**Hearing Location:  
Courtroom 7 North**

**SUMMARY SHEET PURSUANT TO UNITED STATES TRUSTEE GUIDELINES  
AND LOCAL RULES FOR REVIEWING APPLICATIONS FOR  
COMPENSATION AND REIMBURSEMENT OF EXPENSES FILED UNDER  
11 U.S.C. §§ 330 AND 331**

**FIRST AND FINAL FEE APPLICATION**

**NAME OF APPLICANT:** VERITAS CONSULTING, LLC

**TIME PERIOD:** First Compensation Period: August 15, 2013 through and including December 31, 2013  
Entire Compensation Period: August 15, 2013 through and including December 31, 2013

**ROLE IN THE CASE:** Special Counsel to the Debtors and Reorganized Debtors

**CURRENT APPLICATION:** First Compensation Period:  
Total Fees Requested: \$150,000.00  
Total Expenses Requested: \$27,448.60  
Entire Compensation Period:  
Total Fees Requested: \$157,002.80  
Total Expenses Requested: \$27,448.60

**I. Personnel**

| NAME OF PARTNER/<br>COUNSEL | POSITION  | FIRST COMPENSATION PERIOD       |              | ENTIRE COMPENSATION PERIOD |              |
|-----------------------------|-----------|---------------------------------|--------------|----------------------------|--------------|
|                             |           | TOTAL HOURS BILLED <sup>1</sup> | TOTAL FEES   | TOTAL HOURS BILLED         | TOTAL FEES   |
| Richard Verheij             | Principal | 251.50                          | \$150,000.00 | 251.50                     | \$157,002.80 |

---

<sup>1</sup> Pursuant to the Order Authorizing the Employment and Retention of Veritas Consulting, LLC as Special Counsel for the Debtors Effective August 15, 2013, dated July 26, 2013 [ECF No. 4382] (the “**Retention Order**”), Veritas’s fees in these chapter 11 cases are earned at a flat rate of \$33,333.00 per month. However, for informational purposes, and consistent with the terms of the Retention Order, detailed time records were filed with Veritas’s monthly fee statements.

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION

**In re:**

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

**Debtors.**

**Chapter 11  
Case No. 12-51502-659  
(Jointly Administered)**

**Objection Deadline:  
February 17, 2014 at 4:00 p.m.  
(prevailing Central Time)**

**Hearing Date (if necessary):  
March 25, 2014 at 10:00 a.m.  
(prevailing Central Time)**

**Hearing Location:  
Courtroom 7 North**

**FIRST AND FINAL APPLICATION OF VERITAS CONSULTING, LLC AS  
SPECIAL COUNSEL FOR THE REORGANIZED DEBTORS FOR  
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Veritas Consulting, LLC (“**Veritas**”), special counsel to Patriot Coal Corporation and its subsidiaries that are reorganized debtors in these proceedings (collectively, the “**Reorganized Debtors**” and formerly the “**Debtors**”), for its first and final application (the “**Application**”), pursuant to sections 330(a) and 331 of title 11 of the United States Code (the “**Bankruptcy Code**”) and rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), for (i) allowance of compensation for professional services performed, and reimbursement of actual and necessary expenses incurred, by Veritas during the period commencing August 15, 2013 through and including December 31, 2013 (the “**First Compensation Period**”) and (ii) final

allowance of compensation for professional services performed, and reimbursement of actual and necessary expenses incurred, by Veritas during the period commencing August 15, 2013 through and including December 31, 2013 (the “**Entire Compensation Period**”), respectfully represents:

### **BACKGROUND**

1. On July 9, 2012 (the “**Petition Date**”), each Debtor commenced with the United States Bankruptcy Court for the Southern District of New York (the “**SDNY Bankruptcy Court**”) a voluntary case under chapter 11 the Bankruptcy Code. On December 19, 2012, the SDNY Bankruptcy Court entered an order transferring these chapter 11 cases to this Court (the “**Transfer Order**”) [ECF No. 1789]. The Debtors were authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These chapter 11 cases are being jointly administered pursuant to Rule 1015(b) of the Bankruptcy Rules and the SDNY Bankruptcy Court’s Joint Administration Order entered on July 10, 2012 [ECF No. 30].

2. Pursuant to the Order Authorizing the Employment and Retention of Veritas Consulting, LLC as Special Counsel for the Debtors Effective August 15, 2013, dated July 26, 2013 [ECF No. 4382] (the “**Retention Order**”), the Debtors were authorized to retain Veritas as their special counsel to render legal services in the prosecution of their chapter 11 cases.

3. On July 18, 2012, the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) appointed the statutory committee of unsecured creditors in these cases (the “**Creditors’ Committee**”) pursuant to sections

1102(a) and 1102(b) of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtors' chapter 11 cases.

4. This Court has subject matter jurisdiction to consider and determine this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The Debtors filed monthly operating reports for each month since the Petition Date. The Reorganized Debtors have advised Veritas that, to date, they have paid all quarterly fees due to the U.S. Trustee.

6. On November 15, 2012, the Court entered an Order extending the Debtors' exclusive periods within which to file a plan of reorganization and solicit votes thereon to May 5, 2013 and July 4, 2013, respectively [ECF No. 1575]. On April 26, 2013, the Court entered an Order further extending the Debtors' exclusive periods within which to file a plan of reorganization and solicit votes thereon to September 2, 2013 and November 1, 2013, respectively [ECF No. 3848]. On August 21, 2013, the Court entered an Order further extending the Debtors' exclusive periods within which to file a plan of reorganization and solicit votes thereon to December 1, 2013 and January 30, 2014, respectively [ECF No. 4497].

7. On November 7, 2013, the Court entered an Order approving the Disclosure Statement and solicitation materials [ECF No. 4968].

8. On December 18, 2013, the Court entered an Amended Order confirming the Plan of Reorganization [ECF No. 5157] (the "**Amended Confirmation Order**"), and on December 18, 2013, the Plan of Reorganization became effective.

**SUMMARY OF REQUESTED PROFESSIONAL COMPENSATION  
AND REIMBURSEMENT OF EXPENSES**

9. This Application has been prepared in accordance with (a) the Local Rules of the Bankruptcy Court for the Eastern District of Missouri (the “**Local Rules**”), (b) the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 adopted on January 30, 1996 (the “**UST Guidelines**”) and (c) the Order to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals entered by the Court on August 2, 2012 [ECF No. 262] (the “**Interim Compensation Order**” and, collectively with the Local Rules and the UST Guidelines, the “**Guidelines**”).

10. In accordance with the Interim Compensation Order, for the First Compensation Period, Veritas filed a monthly fee statement covering the period from August 15, 2013 through September 30, 2013 on October 22, 2013 [ECF No. 4854], a monthly fee statement covering the period from October 1, 2013 through October 31, 2013 on November 25, 2013 [ECF No. 5061], a monthly fee statement covering the period from November 1, 2013 through November 30, 2013 on December 10, 2013 [ECF No. 5116] and a monthly fee statement covering the period from December 1, 2013 through December 31, 2013 on January 22, 2014 [ECF No. 5248].

11. By this Application, Veritas seeks allowance in full of interim compensation for professional services rendered to the Debtors during the First Compensation Period, in the aggregate amount of \$150,000.00, and for reimbursement of actual, necessary expenses incurred in connection with such services in the aggregate amount of \$27,448.60.

12. In accordance with the Interim Compensation Order, Veritas will have received payments to date totaling \$147,448.00 (\$119,999.40 of which is for services rendered and \$27,448.60 of which is for reimbursement of expenses) for the First Compensation Period. By this Application, Veritas seeks payment of the remaining \$30,000.60, which amount represents the Court-ordered 20% holdback of Veritas's requested fees during the First Compensation Period.

13. In addition, by this Application, Veritas seeks final allowance in full of compensation for professional services rendered to the Debtors during the Entire Compensation Period in the aggregate amount of \$157,002.80<sup>1</sup> and for reimbursement of actual, necessary expenses incurred in connection with the rendering of such services in the aggregate amount of \$27,448.60.

14. During the Entire Compensation Period, other than pursuant to the Interim Compensation Order, Veritas has received no payment and no promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application. There is no agreement or understanding between Veritas and any other person, for the sharing of compensation to be received for services rendered in these cases.

15. The fees charged by Veritas in these cases are billed in accordance with its existing billing rates and procedures in effect during the Entire Compensation

---

<sup>1</sup> Prior to Veritas being retained by the Debtors pursuant to the Retention Order, Veritas performed services on behalf of the Debtors as an ordinary course professional pursuant to the Order Authorizing the Debtors to Employ Ordinary Course Professionals *Nunc Pro Tunc* to the Petition Date, dated August 2, 2013 [ECF No. 263] (the "**OCP Order**"). In connection therewith, Veritas incurred \$7,002.80 in fees (the "**OCP Fees**") above the cap authorized to be paid to ordinary course professionals pursuant to the OCP Order. Veritas has not yet received payment for the OCP Fees, and the Debtors have indicated that they have no objection to Veritas requesting allowance of the OCP Fees pursuant to this Application. Accordingly, Veritas is seeking Court approval of such fees pursuant to this Application.

Period. The rates Veritas charges for the services rendered by its professionals in these chapter 11 cases are the same Veritas charges for professional services rendered in comparable non-bankruptcy related matters. Such fees are reasonable based on the customary compensation charged by comparably skilled professionals in comparable non-bankruptcy cases.

16. Prior to the filing of this Application, Veritas filed with the Court and served on the Debtors, the U.S. Trustee, counsel to the Creditors' Committee and counsel to the Debtors' post-petition lenders monthly fee statements setting forth Veritas' fees for professional services rendered and expenses incurred on behalf of the Debtors, along with a detailed report of time entries, beginning on August 15, 2013 through to and including December 31, 2013. No party objected to any element of any of Veritas' monthly fee statements.

17. Annexed hereto as Exhibit A is a schedule specifying the categories of actual, necessary expenses incurred in the First Compensation Period and the Entire Compensation Period for which Veritas is seeking reimbursement and the total amount for each such expense category.

18. Pursuant to the UST Guidelines and the Local Rules, annexed hereto as Exhibit B is a summary of the number of hours and amounts billed by Veritas during the First Compensation Period and the Entire Compensation Period.

19. Veritas maintains records of the time spent by all Veritas professionals in connection with the Debtors' chapter 11 cases.

20. The professional services performed by Veritas were necessary and appropriate to the administration of these cases. The professional services performed



by Veritas were in the best interests of the Debtors and the other parties in interest.

Compensation for the foregoing services, as requested, is commensurate with the complexity, importance and nature of the problems, issues or tasks involved. The professional services were performed in an expeditious and efficient manner. The following summary highlights the major areas to which Veritas devoted time and attention during the Entire Compensation Period.

- Implementing a critical settlement approved by the SDNY Bankruptcy Court in December 2012 regarding certain selenium litigation;
- Overseeing compliance with a 2009 consent decree with the Environmental Protection Agency and the Department of Justice;
- Overseeing an intensive approval process for alternative selenium treatment systems which are less capital intensive and will have moderated annual operational and maintenance costs for the Reorganized Debtors;
- Liaising with a court-appointed special master to ensure compliance with two 2010 court orders requiring installation of first-of-their-kind multimillion dollar selenium treatment facilities in West Virginia;
- Liaising with environmental activist groups to facilitate implementation of a 2012 modified consent decree; and
- Facilitating various aspects of the Debtors emergence from bankruptcy.

**ACTUAL AND NECESSARY EXPENSES INCURRED BY VERITAS**

21. As set forth in Exhibit A hereto, Veritas has incurred or disbursed \$27,448.60 in expenses in providing professional services to the Debtors during the First Compensation Period. Each of the categories of expenses does not exceed the maximum rate set by the Guidelines. Veritas has made efforts to minimize disbursements in these cases. The actual expenses incurred in providing professional services were necessary, reasonable and justified under the circumstances to serve the needs of the Debtors and other parties in interest.

**THE REQUESTED COMPENSATION AND EXPENSE REIMBURSEMENT  
SHOULD BE ALLOWED**

22. Section 331 of the Bankruptcy Code provides for compensation of professionals and incorporates the substantive standards of section 330 to govern the Court's award of such compensation. 11 U.S.C. § 331. Section 330 provides that a court may award a professional employed under section 327 of the Bankruptcy Code "reasonable compensation for actual, necessary services rendered . . . and reimbursement for actual, necessary expenses." *Id.* § 330(a)(1). Section 330 also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded . . . , the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- (E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and
- (F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

*Id.* § 330(a)(3).

23. Local Rule 2016(1)(B) requires that all professional fee applications analyze the 12 factors for allowance of compensation set forth in *Johnson v.*

*Georgia Highway Express*, 388 F.2d 714 (5th Cir. 1974) (the “**Johnson Factors**”); *see also P.A. Novelly v. Palans*, 960 F.2d 728 (8th Cir. 1992); *Chamberlain v. Kula*, 213 B.R. 729, 736-739 (B.A.P. 8th Cir. 1997).

24. Veritas respectfully submits that its Application satisfies all of the *Johnson Factors*, as discussed below.

(a) The time and labor required. Veritas’s representation of the Debtors as debtor-in-possession required extensive time and effort during a critical period in the Debtors’ cases.

(b) The novelty and difficulty of questions. Veritas represented the Debtors in connection with complex environmental matters, and oversaw the implementation of first-of-their-kind environmental treatment systems. The sheer size and scope of the Debtors’ assets demonstrate the complexity and difficulty in performing these services.

(c) The skill required to perform legal services properly. Veritas and its principal have extensive expertise and experience in providing counsel in complex regulatory and legal matters. Veritas and its principal believe that they have demonstrated the skill levels necessary for vigorous representation of the Debtors’ interests in these cases.

(d) The preclusion of employment due to acceptance of the case. Veritas’s principal devoted substantial portions of his time to the Debtors’ affairs and was, to that extent, unable to address other matters.

(e) The customary fee. The rates charged by Veritas in this matter are commensurate with rates it charges for similar clients on similar matters.

(f) Whether the fee is fixed or contingent. The fees requested herein are requested on a flat-rate monthly basis.

(g) Time limitations imposed by the client or the circumstances. This representation posed time pressures due to the need for the Debtors to implement court orders and consent decrees, reduce their cost structure and emerge from chapter 11 expeditiously.

(h) The amount involved and the results obtained. The Debtors successfully negotiated a consensual Plan of Reorganization and emerged from chapter 11 on December 18, 2013. Veritas believes that its services contributed to a positive outcome in these cases.

(i) The experience, reputation, and ability of the attorneys. Veritas and/or its principal has provided advice and counsel regarding selenium issues and relating litigation and complex compliance matters since 2006, and are well acquainted with and have developed extensive experience regarding various court orders, consent decrees and compliance strategies.

(j) The undesirability of the case. Veritas was and is privileged to have the opportunity to represent the Debtors.

(k) The nature and length of the professional relationship with the client. As discussed in its employment application, Veritas has rendered legal services to the Debtors since 2006.

(1) Awards in similar cases. Both the rate charged and hours incurred in these cases are proportionate to, and in some instances less than, fees requested in similar large chapter 11 cases throughout the U.S.

25. In the instant case, for the reasons set forth above, Veritas respectfully submits that the services for which it seeks compensation and the expenditures for which it seeks reimbursement in this Application were necessary for and beneficial to the orderly administration of the Debtors' estates and their rehabilitation and reorganization. Such services and expenditures were necessary to and in the best interests of the Debtors' estates and creditors. Veritas further submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors, their estates and all parties in interest.

26. In sum, approval of the compensation for professional services and reimbursement of expenses sought herein is warranted.

**CONCLUSION**

WHEREFORE Veritas respectfully requests (i) final allowance of compensation for professional services rendered during the Entire Compensation Period in the amount of \$157,002.80 and reimbursement of actual and necessary expenses Veritas incurred during the Entire Compensation Period of \$27,448.60; (ii) payment of \$37,003.40, which amount represents the Court-ordered 20% holdback of Veritas's requested fees during the Entire Compensation Period; and (iii) such other and further relief as is just.

Dated: Charleston, West Virginia  
January 31, 2014

By: /s/ Richard H. Verheij  
Richard H. Verheij

Veritas Consulting, LLC  
P.O. Box 75174  
Charleston, West Virginia 25375  
Telephone: (203)253-2898  
Richard H. Verheij

*Special Counsel to the Reorganized Debtors*

**INDEX OF EXHIBITS**

|           |  |
|-----------|--|
| Exhibit A | Schedule of Expenses                       |
| Exhibit B | Summary of Hours Billed and Amounts Billed |

**EXHIBIT A**

**ACTUAL AND NECESSARY EXPENSES  
INCURRED BY VERITAS CONSULTING, LLC ON BEHALF OF THE  
DEBTORS DURING THE COMPENSATION PERIODS**

| <b>CATEGORY OF EXPENSES</b> | <b>AMOUNTS FOR FIRST<br/>COMPENSATION PERIOD</b> | <b>AMOUNTS FOR ENTIRE<br/>COMPENSATION PERIOD</b> |
|-----------------------------|--|---|
| Airfare (all coach class)   | \$17,436.20                                      | \$17,436.20                                       |
| Lodging                     | \$9,368.40                                       | \$9,368.40  |
| Ground Transportation       | \$644.00   | \$644.00  |
| <b>TOTAL</b>                | <b>\$27,448.60</b>                               | <b>\$27,448.60</b>                                |



**EXHIBIT B**

**SUMMARY OF HOURS AND AMOUNTS BILLED DURING  
THE COMPENSATION PERIODS BY VERITAS CONSULTING, LLC**

| NAME OF<br>PARTNER/<br>COUNSEL | POSITION  | FIRST COMPENSATION<br>PERIOD          |              | ENTIRE COMPENSATION<br>PERIOD |               |
|--------------------------------|-----------|---------------------------------------|--------------|-------------------------------|---------------|
|                                |           | TOTAL<br>HOURS<br>BILLED <sup>1</sup> | TOTAL FEES   | TOTAL<br>HOURS<br>BILLED      | TOTAL<br>FEES |
| Richard Verheij                | Principal | 251.50                                | \$150,000.00 | 251.50                        | \$157,002.80  |

---

<sup>1</sup> As indicated above, although Veritas is retained on a flat-fee monthly basis, detailed time records were filed with Veritas's monthly fee statements for informational purposes and consistent with the terms of the Retention Order.