

STEPTOE & JOHNSON PLLC  
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*Special Counsel for Debtors*

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

**In re:**

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

**Debtors.**

**Chapter 11**

**Case No. 12-51502**

**(Jointly Administered)**

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

**FOURTH AND FINAL FEE APPLICATION**

**NAME OF APPLICANT:**

**Step toe & Johnson PLLC**

**ROLE IN THE CASE:**

Counsel to the Debtors

**TIME PERIOD:**

Fourth Compensation Period: August 1, 2013 through and including December 31, 2013

Entire Compensation Period: August 1, 2012 through and including July 31, 2013

**CURRENT APPLICATION:**

**FOURTH COMPENSATION PERIOD:**

Total Fees Requested: \$177,840.20

Total Expenses Requested: \$ 5,352.84

**ENTIRE COMPENSATION PERIOD:**

Total Fees Requested: \$663,443.55

Total Expenses Requested: \$ 19,424.46

**PRIOR APPLICATIONS:**

THIRD INTERIM APPLICATION: February 1, 2013  
through and including July 31, 2013

Total Fees Requested:	\$162,727.00
Total Expenses Requested:	\$ 3,829.24

SECOND INTERIM APPLICATION: October 1, 2012  
through and including January 31, 2013

Total Fees Requested:	\$162,727.00
Total Expenses Requested:	\$ 3,829.24

FIRST INTERIM APPLICATION: August 1, 2012  
through and including September 30, 2012

Total Fees Requested:	\$86,172.90
Total Expenses Requested:	\$ 2,931.31

**I. Members / Of Counsel**

Name of Member / Of Counsel	Title	Hourly Rate	FOURTH COMPENSATION PERIOD		ENTIRE COMPENSATION PERIOD	
			Total Hours	Total Fees	Total Hours	Total Fees
Amy M. Smith	Member	\$205.00			5.50	1,127.50
Armando Benincasa	Member	\$205.00			47.70	9,778.50
Bryan R. Cokeley	Member	\$235.00			5.80	1,363.00
C. David Morrison	Member	\$235.00	9.40	2209.00	118.85	27,929.75
Carolyn A. Wade	Of Counsel	\$205.00			0.50	102.50
Christopher Slaughter	Member	\$205.00			0.80	164.00
Craig A. Griffith	Of Counsel	\$205.00	80.40	16,482.00	163.50	33,517.50
David E. Dick	Member	\$235.00	0.30	70.50	10.50	2,467.50
H. Toney Stroud	Member	\$235.00			0.55	129.25
Jeffrey K. Phillips	Member – Labor	\$245.00	17.90	4385.50	17.90	4385.50
Jeffrey K. Phillips	Member - MSHA	\$220.00	240.60	52,932.00	801.60	176,724.50
Jonathan R. Ellis	Member	\$160.00	342.10	54,736.00	1170.00	187,200.00
Justin R. Pasfield	Of Counsel	185.00			8.20	1,517.00
L. Frederick Williams, Jr.	Member	\$235.00	23.00	5,405.00	61.75	14,511.25
Larry J. Rector	Member	235.00			1.00	235.00
Mark M. McCarthy	Of Counsel	\$205.00			11.20	2,296.00
Melanie A. Norris	Of Counsel	\$180.00			1.60	288.00
Michael B. Stuart	Member	\$205.00			21.70	4,448.50
Michael D. Mullins	Member	\$205.00	3.10	635.50	42.70	8,753.50
Paul A. Konstanty	Member	\$205.00	0.50	102.50	18.90	3,874.50
Peter J. Raupp	Of Counsel	\$143.00	23.70	3,389.10	127.20	18,189.60

Name of Member / Of Counsel	Title	Hourly Rate	FOURTH COMPENSATION PERIOD		ENTIRE COMPENSATION PERIOD	
			Total Hours	Total Fees	Total Hours	Total Fees
Randall C. Light	Member	\$235.00			1.20	282.00
Robert L. Bailey	Of Counsel	\$205.00			2.20	451.00
Robert L. Bailey	Of Counsel- MSHA	\$190.00			130.50	24,795.00
Rodney L. Bean	Member	\$235.00			12.80	3,008.00
Russell D. Jessee	Member	\$235.00			0.60	141.00
Sara E. Hauptfuehrer	Of Counsel	\$205.00			1.50	307.50
Sarah C. Ellis	Member	\$185.00	4.30	795.50	4.30	795.50
Thomas S. Kleeh	Member	\$235.00	53.40	12,549.00	56.20	13,207.00
Todd M. Swanson	Member	\$185.00	9.10	1,683.50	9.10	1683.50
Vanessa L. Goddard	Of Counsel	\$205.00			3.50	717.50
W. Henry Lawrence	Member	\$235.00	2.60	611.00	20.10	4,723.50
<b>TOTAL MEMBERS and OF COUNSEL:</b>			<b>810.40</b>	<b>\$155,986.10</b>	<b>2879.45</b>	<b>\$549,114.35</b>

**II. Associates**

Name of Associate	Title	Hourly Rate	FOURTH COMPENSATION PERIOD		ENTIRE COMPENSATION PERIOD	
			Total Hours	Total Fees	Total Hours	Total Fees
Candace B. Smith	Litigation – MSHA	\$143.00	18.90	2,702.70	18.90	2702.70
Daniel D. Fassio	Labor	\$170.00	2.70	459.00	2.70	459.00
Daniel D. Fassio	Litigation	\$150.00	6.10	915.00	6.10	915.00
Daniel D. Fassio	Labor – MSHA	\$160.00	4.60	736.00	80.50	12,880.00
Denielle M. Stritch	Litigation-MSHA	\$160.00			1.00	160.00
James H. Adkins	Labor	\$160.00	4.00	640.00	4.00	640.00
Jonathan Ellis	Labor	\$160.00			190.50	30,480.00
John “JB” B. McCusky	Labor	\$143.00			158.60	23,499.50
John “JB” B. McCusky	Litigation	\$150.00			4.70	705.00
Lauren M. Palmer	Labor-MSHA	\$143.00	2.60	371.80	25.00	3,575.00
Lauren A. Williams	Litigation	\$160.00	1.10	176.00	1.10	176.00
Katrina N. Harper	MSHA	\$143.00	74.20	10,610.60	74.20	10,610.60
Mark G. Jeffries	Labor	\$160.00			21.40	3,424.00
Seth P. Bradley	Litigation	\$160.00	8.00	1,280.00	8.00	1,280.00
Todd Swanson	Labor	\$185.00	15.00	2,775.00	15.00	2,775.00
W. James O’Brien	Litigation	\$185.00			59.50	10,997.00
W. James O’Brien	Litigation-MSHA	\$150.00			26.20	3,930.00
<b>TOTAL ASSOCIATES:</b>			<b>137.20</b>	<b>\$20,666.10</b>	<b>697.40</b>	<b>\$109,208.80</b>

**III. Paraprofessionals**

Name of Paraprofessional	Title	Hourly Rate	FOURTH COMPENSATION PERIOD		ENTIRE COMPENSATION PERIOD	
			Total Hours	Total Fees	Total Hours	Total Fees
Cynthia J. Workman	Paralegal	\$90.00	1.00	90.00	1.00	90.00
Fern Medley-Forsythe	Paralegal	\$90.00	0.20	18.00	12.10	1,089.00
Jessica N. Preast	Paralegal	\$90.00			1.80	162.00
Jonhny Renee Clay	Paralegal	\$90.00			0.40	36.00
Leanne Chandler	Paralegal	\$90.00	9.00	810.00	9.00	810.00
M. Leann Smith	Paralegal	\$90.00			0.50	45.00
Nancy C. Knurek	Paralegal	\$90.00	3.00	270.00	4.50	405.00
Natalie N. Williams	Paralegal	\$90.00			23.20	2,088.00
Patricia A. Bullock	Paralegal	\$90.00			4.30	395.40
<b>TOTAL PARAPROFESSIONALS:</b>			<b>13.20</b>	<b>\$1,188.00</b>	<b>56.80</b>	<b>\$5,120.40</b>

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**UNITED STATES BANKRUPTCY COURT  
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**In re:**

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

**Debtors.**

**Chapter 11**

**Case No. 12-51502**

**(Jointly Administered)**

**FOURTH AND FINAL APPLICATION OF STEPTOE & JOHNSON PLLC FOR  
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

TO THE HONORABLE KATHY A. SURRETT-STATES,  
UNITED STATES BANKRUPTCY JUDGE:

Steptoe & Johnson PLLC (“**Steptoe & Johnson**”), counsel to Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”), for its second interim 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 its actual and necessary expenses incurred, by Steptoe & Johnson during the period commencing August 1, 2013 through and including December 31, 2013 (the “**Fourth Compensation Period**”), and (ii) final allowance of compensation for professional services performed, and reimbursement of its actual and necessary expenses incurred, by Steptoe & Johnson during the period commencing

August 1, 2012 through and including July 31, 2013 (the “**Entire Compensation Period**”), respectfully represents:

**PRELIMINARY STATEMENT**

1. Throughout the Fourth Compensation Period and during the entirety of the Chapter 11 cases, Steptoe & Johnson has been providing necessary services for the Debtors to keep operating their businesses. In particular, Steptoe & Johnson has provided day-to-day labor and employment advice, advice on tax issues and advice on bonding issues. Steptoe & Johnson has also handled administrative litigation in front of Mine Safety and Health Administration (“MSHA”), which litigation is not stayed by these proceedings. Further, Steptoe & Johnson has handled federal administrative litigation in front of the National Labor Relations Board (“NLRB”) and the Equal Employment Opportunity Commission (“EEOC”). Similarly, Steptoe & Johnson has worked on administrative litigation in front of the West Virginia Human Rights Commission. Finally, Steptoe & Johnson has completed the settlement of a case that was initially stayed; however, that stay was lifted upon an application to this Court.

2. In handling the above matters, Steptoe & Johnson’s professionals and paraprofessionals have engaged in all types of tasks commonly required in order for the businesses of the Debtors to operate.

3. A core group of approximately seven Steptoe & Johnson attorneys have accounted for more than 50% of the attorney time expended on these matters. In addition to the efficient core group, due to the wide variety of issues presented by the Debtors, attorneys from different practice areas were called upon to assist with discrete issues within their areas of expertise. Many, of course, billed only a very limited number of hours.

4. Steptoe & Johnson’s efforts to advise and represent the Debtors during the Entire Compensation Period have provided substantial benefit to their Chapter 11 estates. In

consideration of the complexity of these cases, Steptoe & Johnson's fees for professional services and expenses are reasonable under the applicable standards. For all of these reasons, Steptoe & Johnson requests that the Court grant this Application and (i) allow the compensation for professional services and the reimbursement of expenses for the Fourth Compensation Period, and (ii) allow the final compensation for professional services and the final reimbursement of expenses for the Entire Compensation Period.

### **BACKGROUND**

5. On July 9, 2012 (the "**Petition Date**"), each Debtor commenced with this Court a voluntary case under chapter 11 of 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.

6. Pursuant to an order of this Court dated September 10, 2012, the Debtors were authorized to retain Steptoe & Johnson as their attorneys to render the following professional services:

- a. Handling administrative safety litigation before state and federal agencies that are not stayed by the filing of the chapter 11 proceedings; and
- b. Day-to-day advice and training on litigation, environmental, safety, tax, contracts, and labor matters to assist in running Debtors' businesses.

7. 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.

8. The Debtors filed monthly operating reports each month since the Petition Date. Steptoe & Johnson is informed and believes that, to date, the Debtors have paid all quarterly fees due to the U.S. Trustee.

9. On July 17, 2012, the Court entered an Order extending the Debtors' exclusive periods within which to file a plan of reorganization and solicit votes thereon to January 25, 2013 and March 27, 2013, respectively.

10. On November 16, 2012, Steptoe & Johnson filed its first interim application for the allowance of compensation and reimbursement of expenses incurred for the period from August 1, 2012 through and including September 30, 2012 (the "**First Interim Fee Period**"), in which it requested total fees in the amount of \$86,172.90 and total expenses in the amount of \$2,931.31. The Court entered an order on December 19, 2012 allowing and authorizing the immediate payment of fees in the amount of \$86,172.90 and expenses in the amount of \$2,931.31 [ECF No. 1788].

11. On April 15, 2013, Steptoe & Johnson filed its second interim application for the allowance of compensation and reimbursement of expenses incurred for the period from October 1, 2012 through and including January 31, 2013 (the "**Second Interim Fee Period**"), in which it requested total fees in the amount of \$162,727.00 and total expenses in the amount of \$3,829.24. The Court entered an order on July 9, 2013 allowing and authorizing the immediate payment of fees in the amount of \$162,727.00 and expenses in the amount of \$1,948.73 [ECF No. 4282].

12. On September 5, 2013, Steptoe & Johnson filed its third interim application for the allowance of compensation and reimbursement of expenses incurred for the period from February 1, 2013 through and including July 31, 2013 (the "**Third Interim Fee Period**"), in which it requested total fees in the amount of \$236,703.45 and total expenses in the amount of \$7,311.07. The Court entered an order on November 8, 2013 allowing and

authorizing the immediate payment of fees in the amount of \$236,703.45 and expenses in the amount of \$7,311.07 [ECF No. 4976].

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

13. This Application has been prepared in accordance with (a) the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on November 25, 2009 (the “**Local Guidelines**”), (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 Guidelines and the UST Guidelines, the “**Guidelines**”).

14. Steptoe & Johnson has requested previously compensation from the Court for professional services or reimbursement of expenses.

15. In accordance with the Interim Compensation Order, Steptoe & Johnson filed a monthly operating report covering the period from August 1, 2013 through August 31, 2013 on September 20, 2013 [ECF No. 4673], a monthly operating report covering the period from September 1, 2013 through September 30, 2013 on October 18, 2013 [ECF No. 4828], a monthly operating report cover the period from October 1, 2013 through October 31, 2013 on November 19, 2013 [ECF No. 5018], a monthly operating report covering the period from November 1, 2013 through November 30, 2013 on December 20, 2013 [ECF No. 5182], and a monthly operating report covering the period from December 1, 2013 through December 31, 2013 on January 29, 2014 [ECF No. 5292].

16. By this Application, Steptoe & Johnson seeks allowance in full of interim compensation for professional services rendered to the Debtors during the Fourth Compensation Period, in the aggregate amount of \$177,840.20, and for reimbursement of actual, necessary expenses incurred in connection with such services in the aggregate amount of \$5,352.84. During the Fourth Compensation Period, Steptoe & Johnson attorneys and paraprofessionals expended a total of 960.80 hours for which compensation is sought.

17. In accordance with the Interim Compensation Order, Steptoe & Johnson will have received payments to date totaling \$147,625.00 (\$142,272.16 of which is for services rendered and \$5,352.84 of which is for reimbursement of expenses) for the Fourth Compensation Period. By this Application, Steptoe & Johnson seeks payment of the remaining \$35,568.04, which amount represents the Court-ordered 20% holdback of Steptoe & Johnson's requested fees during the Fourth Compensation Period.

18. During the Fourth Compensation Period, other than pursuant to the Interim Compensation Order, Steptoe & Johnson 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 Steptoe & Johnson and any other person, other than partners of the firm, for the sharing of compensation to be received for services rendered in these cases.

19. The fees charged by Steptoe & Johnson in these cases are billed in accordance with its agreed-upon billing rates and procedures in effect during the Compensation Period. The rates charged by Steptoe & Johnson for the services rendered in these chapter 11 cases do not (and will not) exceed the rates Steptoe & Johnson customarily charges for services rendered in comparable matters. Such fees are reasonable based on the customary compensation

charged by comparably skilled practitioners in comparable assignments in a competitive national legal market.

20. Prior to the filing of this Application, Steptoe & Johnson 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 Steptoe & Johnson's fees for professional services rendered and expenses incurred beginning on August 1, 2013 through December 31, 2013. In connection with preparing each of the five monthly statements and this Application, Steptoe & Johnson has voluntarily adjusted its fees and expenses in favor of the estates. Specifically, Steptoe & Johnson, since the Petition Date, has voluntarily reduced its fees and expenses by \$18,047.90.

21. In addition, by this Application, Steptoe & Johnson seeks final allowance in full of compensation for professional services rendered to the Debtors during the Entire Compensation Period in the aggregate amount of \$663,443.55 and for reimbursement of actual, necessary expenses incurred in connection with the rendering of such services in the aggregate amount of \$19,424.46. During the Entire Compensation Period, Steptoe & Johnson attorneys and paraprofessionals expended a total of 3,633.65 hours for which compensation is sought.

22. Steptoe & Johnson has voluntarily adjusted its fees and expenses in favor of the Debtors' estates. Specifically, Steptoe & Johnson has voluntarily reduced its fees and expenses by \$32,212.53 over the Entire Compensation Period.

23. Pursuant to the UST Guidelines, annexed to the U.S. Trustee summary section preceding this Application is a schedule setting forth all Steptoe & Johnson professionals and paraprofessionals who have performed services in these chapter 11 cases during the Fourth Compensation Period and Entire Compensation Period, the capacities in which each such

individual is employed by Steptoe & Johnson, the department in which each individual practices, the hourly billing rate charged by Steptoe & Johnson for services performed by such individual, the year in which each professional was first licensed to practice law, if different and applicable, and the aggregate number of hours expended in this matter and fees billed therefor.

24. Annexed hereto as Exhibit A is a schedule specifying the categories of actual, necessary expenses for the Fourth Compensation Period and the Entire Compensation Period for which Steptoe & Johnson is seeking reimbursement and the total amount for each such expense category.

25. Pursuant to the UST Guidelines, annexed hereto as Exhibit B is a summary of the number of hours and amounts billed by Steptoe & Johnson during the Fourth Compensation Period and the Entire Compensation Period, organized by project categories.

26. Steptoe & Johnson maintains computerized records of the time spent by all Steptoe & Johnson attorneys and paraprofessionals in connection with the Debtors' chapter 11 cases.<sup>1</sup>

### **SUMMARY OF SERVICES**

27. During the Fourth Compensation Period, Steptoe & Johnson was required to render substantial professional services to assist the Debtors in dealing with various issues associated with their businesses. Recitation of each and every item of professional services performed by Steptoe & Johnson during the Fourth Compensation Period would be extremely burdensome. Hence, the following summary highlights the major areas in which Steptoe &

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<sup>1</sup> Detailed time records were filed with Steptoe & Johnson's monthly fee statements. Detailed expense records are not being publicly filed but are being provided to the Debtors, the Court, the U.S. Trustee and the Creditors' Committee. Parties in interest required to be served with monthly fee statements pursuant to the Interim Compensation Order have previously received such records. Copies of these records will be made available to other parties in interest upon reasonable request.

Johnson devoted time and attention during the Fourth Compensation Period. Specific and detailed statements were provided each month and are available for review. Exhibit B provides a detailed breakdown of the time devoted and fees allocable to each project category.

(a) Labor and Employment Matters (Project Category 3 – Business Operations)

The total number of hours billed for this project was 18.20. The total fees related to this project were \$3,499.00.

The Debtors faced various labor and employment issues with the hundreds of employees that they employ. Necessary research was conducted, and advice was provided on employment discharge decisions, WARN Act issues, return-to-work issues, religious discrimination issues, Family Medical Leave Act issues, workforce reduction issues, and other employee discipline issues.

(b) Bankruptcy Matters (Project Category 3 – Business Operations)

The total number of hours billed for this project was 1.50. The total fees related to this project was \$352.50.

Work on pleadings for submission and compliance with court orders.

(c) Catenary Train Derailment (Project Category 10 – Litigation)

The total number of hours billed for this project was 0.50. The total fees related to this project were \$102.50.

This is an investigation and indemnity claim for damages and repair costs sustained in train derailments that occurred in 2009 and 2011. The investigations are continuing.

(d) Kopperston Water Suit (Project Category 10 – Litigation)

The total number of hours billed for this project was 6.20. The total fees related to this project were \$1,299.50.

This is an alleged water well contamination case with which Steptoe & Johnson attorneys have been dealing for a number of years.

(e) Kanawha Public Service District (Project Category 10 – Litigation)

The total number of hours billed for this project was 45.40. The total fees related to this project were \$7,344.00.

Steptoe & Johnson attorneys worked on and assisted the Debtors in obtaining approval from the Public Service Commission of West Virginia to convey mine discharge water directly to the Kanawha River.

(f) Harland v. Newtown Energy (Project Category 10 – Litigation)

The total number of hours billed for this project was 10.60. The total fees related to this project was \$1,943.50.

This is a workers' compensation retaliation case pending in the Circuit Court of Boone County, West Virginia. The trial of this case is set for September 30, 2014.

(g) Chafin v. Brody Mining (Project Category 10 – Litigation)

The total number of hours billed for this project was 2.20. The total fees related to this project were \$484.50.

This is a workers' compensation retaliation case pending in the Circuit Court of Boone County, West Virginia. This action has now been stayed.

(h) Hoosier v. Brody Mining (Project Category 10 – Litigation)

The total number of hours billed for this project was 1.60. The total fees related to this project were \$343.50.

This is a workers' compensation retaliation case pending in the Circuit Court of Boone County, West Virginia. This action has now been stayed.

(i) Mitchell v. Brody Mining (Project Category 10 – Litigation)

The total number of hours billed for this project was 0.90. The total fees related to this project were \$179.00.

This is a retaliatory discharge case pending in the Circuit Court of Boone County, West Virginia. This action has now been stayed.

(j) Mullins v. Patriot Coal, et al. (Project Category 10 – Litigation)

The total number of hours billed for this project was 1.30. The total fees related to this project were \$305.50.

This is a retaliatory discharge case pending in the Circuit Court of Boone County, West Virginia. This action has now been stayed.

(k) Mullins v. Pine Ridge Coal Co., et al. (Project Category 10 – Litigation)

The total number of hours billed for this project was 0.60. The total fees related to this project were \$141.00.

This is a retaliatory discharge case pending in the Circuit Court of Boone County, West Virginia. This action has now been stayed.

(l) Ryan Casey, et al. v. Patriot Coal Corp. (Project Category 10 – Litigation)

The total number of hours billed for this project was 4.80. The total fees related to this project were \$903.00.

Steptoe & Johnson attorneys worked on and submitted information to the NLRB as part of the NLRB's investigation of this unfair labor practice charge.

(m) Sarmiento v. Patriot Coal (Project Category 10 – Litigation)

The total number of hours billed for this project was 18.20. The total fees related to this project were \$4,451.50.

This action was brought pursuant to Section 105(c) of the Mine Safety and Health Act. This case is a discrimination case in which the claimant alleges that he was discriminated against due to making safety complaints. The case is pending before the Mine Safety and Health Administration and will be tried to an administrative law judge.

(n) MSHA Cases (Project Category 10 – Litigation)

The total number of hours billed for this project was 742.00. The total fees related to this project were \$133,964.20.

During the Fourth Compensation Period, Steptoe & Johnson attorneys have handled 161 matters on behalf of the Debtors involving allegations of mine safety violations by MSHA. These cases are in various stages of litigation and it would be extremely burdensome to summarize all of them. The monthly bills that have been submitted provide in detail the work that Steptoe & Johnson performed. None of the MSHA matters are stayed by these proceedings, and all of the work done was necessary in order for the Debtors to continue operating.

(o) Sales & Severance Tax Audit (Project Category 19 – Tax Issues)

The total number of hours billed for this project was 60.90. The total fees related to this project were \$12,646.50.

Step toe & Johnson attorneys continues to assist the Debtors in negotiating with the West Virginia State Tax Department regarding an appeal of various matters raised by a sales and severance tax audit.

(p) Research & Development Tax Credit Appeal (Project Category 19 – Tax Issues)

The total number of hours billed for this project was 46.50. The total fees related to this project were \$9880.50.

Step toe & Johnson attorneys assisted the Debtors in preparing for and participating in a meeting with State Tax Department officials regarding the Debtors' appeal of a denial of a West Virginia research and development tax credit.

28. The foregoing professional services performed by Step toe & Johnson were necessary and appropriate to the administration of the Debtors' chapter 11 cases. These services were in the best interests of the Debtors and other parties in interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance and nature of the problems, issues and tasks involved. The services were performed in an efficient manner.

#### **ACTUAL AND NECESSARY EXPENSES**

29. As set forth in Exhibit A hereto, Step toe & Johnson has incurred or disbursed \$7,311.07<sup>2</sup> in expenses in providing professional services to the Debtors during the Fourth Compensation Period. These expense amounts are intended to cover Step toe & Johnson's direct operating costs, which costs are not incorporated into the Step toe & Johnson hourly billing rates. Only clients who actually use services of the types set forth in Exhibit B are separately charged for such services. The effect of including such expenses as part of the hourly billing

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<sup>2</sup> This amount does not include certain additional amounts that Step toe & Johnson voluntarily wrote off during the Compensation Period.

rates would unfairly impose additional costs upon clients who do not require extensive photocopying, delivery and other services.

30. In accordance with the Guidelines, Steptoe & Johnson is seeking reimbursement for standard photocopying expenses at the lesser of \$0.20 per page or cost.

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

31. 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).

32. In the instant case, Steptoe & Johnson 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' businesses. Such services and expenditures were necessary to and in the best interests of the Debtors' estates and creditors. Steptoe & Johnson further submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors, their businesses and all parties in interest.

33. Whenever possible, Steptoe & Johnson sought to minimize the costs of its services to the Debtors by utilizing talented junior attorneys and paraprofessionals to handle more routine aspects of case administration. A small group of Steptoe & Johnson attorneys was utilized for the vast majority of the work in these cases to minimize the costs of intra- Steptoe & Johnson communication and education about the Debtors' circumstances. For example, a core group of approximately seven Steptoe & Johnson attorneys accounted for more than 50% of the attorney hours worked during the Fourth Compensation Period.

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

### **JOHNSONFACTORS**

35. 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 G.R. 729, 736-739 (B.A.P. 8th Cir. 1997).

36. Steptoe & Johnson submits that its Application satisfies all of the *Johnson* Factors, as described below.

(a) The time and labor required. Steptoe & Johnson's representation of the Debtor required extensive time and effort during the period of time covered by this bill.

(b) The novelty and difficulty of questions. While the Debtors' proceedings under Chapter 11 have been complex, Steptoe & Johnson has been involved in matters to help keep the business operating. The MSHA matters that the firm handles are ongoing and not dischargeable in the bankruptcy proceedings. No stay applies to the MSHA matters, which make up the bulk of the billings. Other matters on which Steptoe & Johnson has worked have been primarily dealing with day-to-day issues as they arise, and cannot be done by in-house attorneys.

(c) The skill required to perform legal services properly. Steptoe & Johnson believes that its lawyers have demonstrated the skill levels necessary for the vigorous representation of the Debtor's interests in the matters that Steptoe & Johnson is handling.

(d) The preclusion of employment due to acceptance of matters for the Debtors. Steptoe & Johnson has turned down representation of other potential clients on the basis that they would have a potential conflict of interest with the

Debtors. Steptoe & Johnson has represented the Debtors ever since the formation of Patriot Coal Corporation, and has often turned down other work.

(e) The customary fee. The rates charged by Steptoe & Johnson to Patriot Coal Corporation are reduced from rates it charges similar clients for similar matters.

(f) Whether the fee is fixed or contingent. The fees requested herein are requested on an hourly basis. There is no retainer.

(g) Time limitations imposed by the client or the circumstances. The MSHA matters on which Steptoe & Johnson represents the Debtors are pressing and must be dealt with in accordance with the time schedule set forth by the Mine Safety and Health Administration. There are pressing matters that arise on a day-to-day basis that must be dealt with immediately. Steptoe & Johnson strives to meet all time limitations in representing this client.

(h) The amount involved and the results obtained. Steptoe & Johnson worked diligently to advocate for the Debtors and obtained results that were reasonable under the circumstances presented.

(i) The experience, reputation, and ability of the attorneys. The professionals representing the Debtors are highly skilled and experienced in the various matters presented to them on which Steptoe & Johnson is providing representation.

(j) The undesirability of the case. Coal companies in West Virginia are often not the best received by juries. Therefore, any civil actions being handled by Steptoe & Johnson, though most are currently stayed, will be difficult.

There is nothing undesirable about representing the Debtors in MSHA proceedings.

(k) The nature and length of the professional relationship with the Debtors. As previously disclosed, Steptoe & Johnson has provided services similar to those it is currently providing since the formation of Patriot Coal Corporation.

(l) Awards in similar cases. The fees requested in this application are proportionate to fees requested in similar matters.

37. There is no agreement of any nature as to the sharing of any compensation to be paid to Steptoe & Johnson, other than sharing among the members and attorneys of Steptoe & Johnson. Compensation previously paid to Steptoe & Johnson has not been shared with any person other than the members and other attorneys of Steptoe & Johnson.

38. I hereby certify that (a) the fees and expenses requested in this Application are in compliance with the requirements of Standing Order No. 2 dated November 1, 2012; and (b) that the Debtors have had an opportunity to review this Application prior to its filing and has approved the requested amounts.

### **CONCLUSION**

WHEREFORE Steptoe & Johnson respectfully requests (i) an allowance of compensation for professional services rendered during the Fourth Compensation Period in the amount of \$177,840.20 and reimbursement of actual and necessary expenses Steptoe & Johnson incurred during the Fourth Compensation Period in the amount of \$5,352.84; (ii) final allowance and payment of compensation for professional services rendered during the Entire Compensation Period in the amount of \$663,443.55 and reimbursement of actual and necessary expenses Steptoe & Johnson incurred during the Entire Compensation Period in the amount of \$19,424.46

(which amounts include fees and expenses requested for the Fourth Compensation Period), and

(iii) such other and further relief as is just.

Dated this 31st day of January, 2014.

/s/ **C. David Morrison**

C. David Morrison

STEPTOE & JOHNSON PLLC  
Of Counsel

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*Special Counsel for the Debtors*

**INDEX OF EXHIBITS**

Schedule of Expenses .....Exhibit A

Summary of Hours and Amounts Billed by Project Category.....Exhibit B

**EXHIBIT A**

**ACTUAL AND NECESSARY EXPENSES INCURRED  
BY STEPTOE & JOHNSON PLLC ON BEHALF OF THE DEBTORS  
DURING THE FOURTH AND FINAL COMPENSATION PERIODS**

CATEGORY of EXPENSES	AMOUNT FOR FOURTH COMPENSATION PERIOD	AMOUNT FOR ENTIRE COMPENSATION PERIOD
Computer research	415.27	1353.76
Courier Service: UPS, FedEx, Messenger Service	26.45	26.45
Court Reporting Fees	1,893.20	5,036.40
Duplication		102.10
Long Distance Telephone Charges	279.49	892.21
Meals	197.57	509.14
Office Charges ( <i>credit card charge for background check</i> )	24.95	2,294.11
Outside Document Retrieval ( <i>witness fees/court appearance fees, audio visual, FOIA request copy fees</i> )	127.97	2,055.02
Photocopies / Scanning	242.20	788.30
Postage	257.39	1,030.10
Travel	1,888.35	5,336.87
<b>TOTAL</b>	<b>\$5,352.84</b>	<b>\$19,424.46</b>

**EXHIBIT B**

**SUMMARY OF HOURS AND AMOUNTS BILLED DURING THE FOURTH  
AND FINAL COMPENSATION PERIODS BY STEPTOE & JOHNSON PLLC,  
ORGANIZED BY INTERNAL PROJECT CATEGORY**

PROJECT CATEGORY	DESCRIPTION	FOURTH COMPENSATION PERIOD		ENTIRE COMPENSATION PERIOD	
		HOURS	AMOUNT	HOURS	AMOUNT
3	Bonding Advice			71.20	14,389.00
3	Dodge Hill Mining / Labor			2.20	419.50
3	Labor and Employment Matters	18.20	3,499.00	75.35	16,456.75
10	Apogee Coal / Buckner			5.30	1,245.50
10	Ashby v. Ohio County			1.3	286.00
10	Bankruptcy Matters	1.50	352.50	6.60	1,551.00
10	Bishop v. Patriot Coal, et al.			97.80	16,583.50
10	Blankenship v. Brody Mining, LLC			89.20	15,561.50
10	Burns v. Patriot Coal, et al.			4.30	1,010.50
10	Catenary Train Derailment	0.50	102.50	19.30	3,910.50
10	Chafin v. Brody Mining	2.20	484.50	2.20	484.50
10	Coen/Sunnyhill – Heritage W/C Matter			11.50	2,366.50
10	Cooke v. Mine Safety			0.20	41.00
10	Cowley v. Patriot Coal			13.10	2,223.50
10	Croft EEOC Charge			16.30	3,148.00
10	Dalrymle Black Lung			0.25	58.75
10	General Environmental			1.70	399.50
10	Hall v. Remington LLC			4.20	987.00
10	Harland v. Newtown Energy	10.60	1,943.50	10.60	1,943.50
10	Hoosier v. Brody Mining	1.60	343.50	1.60	343.50

PROJECT CATEGORY	DESCRIPTION	FOURTH COMPENSATION PERIOD		ENTIRE COMPENSATION PERIOD	
		HOURS	AMOUNT	HOURS	AMOUNT
10	Horton v. Dodge Hill			15.10	3,697.50
10	Justice v. Gateway Eagle			2.70	634.50
10	Kanawha Public Service District	45.40	7,344.00	45.40	7,344.00
10	Kopperston Water Suit	6.20	1,299.50	10.90	2,284.00
10	Lambert, et al. v. MSA, et al.			2.10	430.50
10	Mitchell v. Brody Mining	0.90	179.00	0.90	179.00
10	MSHA Cases	742.0	133,964.20	2793.0	495,712.80
10	Mullins v. Patriot Coal, et al.	1.30	305.50	1.30	305.50
10	Mullins v. Pine Ridge Coal	0.60	141.00	0.60	141.00
10	NLRB Charge			11.10	2,608.50
10	Persinger, et al. v. MSSAC & Speed Mining, et al.			0.60	123.00
10	Qualls EEOC Charge			12.00	2,055.00
10	Ryan, et al. v. Patriot Coal	4.80	903.00	4.80	903.00
10	Sarmiento v. Patriot Coal	18.20	4,451.50	18.20	4,451.50
10	Southern Land, et al. v. McClure Logging v. Hobet Mining			0.90	184.50
13	Burns v. Patriot Coal, et al.			28.00	6,415.00
13	Logan v. Speed Mining, et al.			14.40	2,379.00
19	Research & Development Tax Credit Appeal	46.50	9,880.50	113.75	24,301.25
19	Sales & Severance Tax Audit	60.90	12,646.50	114.20	23,652.00
19	Tax Issues			9.50	2,232.50
FIRST INTERIM WRITE-OFFS:					(2917.10)
SECOND INTERIM WRITE-OFFS:					(5459.35)

PROJECT CATEGORY	DESCRIPTION	FOURTH COMPENSATION PERIOD		ENTIRE COMPENSATION PERIOD	
		HOURS	AMOUNT	HOURS	AMOUNT
	THIRD INTERIM WRITE-OFFS:				(8788.18)
	FOURTH INTERIM WRITE-OFFS:				(18,047.90)
	<b>TOTAL HOURS AND COMPENSATION REQUIRED:</b>	<b>960.80</b>	<b>\$177,840.20</b>	<b>3657.55</b>	<b>\$663,443.55</b>