

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

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-12900 (SCC)

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

¹The 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 July 25, 2012 (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 there shall be a hearing held on August 2, 2012, at 2:00 p.m. (prevailing Eastern Time) to consider any timely objections to the Motion; 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: July 16, 2012
New York, New York

/s/ Shelley C. Chapman
HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE