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

**In re:**

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

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

**Chapter 11**

**Case No. 12-[ ] (\_\_\_)**

**(Jointly Administered)**

**DEBTORS' MOTION FOR AN ORDER (i) GRANTING ADMINISTRATIVE  
EXPENSE STATUS TO DEBTORS' UNDISPUTED OBLIGATIONS  
TO VENDORS ARISING FROM THE POSTPETITION DELIVERY OF  
GOODS ORDERED PREPETITION, (ii) AUTHORIZING DEBTORS  
TO PAY THOSE OBLIGATIONS IN THE ORDINARY COURSE OF BUSINESS  
AND (iii) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND  
PROCESS RELATED CHECKS AND TRANSFERS**

Patriot Coal Corporation and its subsidiaries that are debtors and debtors in  
possession in these proceedings (collectively, the "**Debtors**") respectfully represent:

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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.

### **Relief Requested**

1. In connection with the normal operation of their businesses, the Debtors rely on numerous vendors and suppliers (the “**Vendors**”) to provide the Debtors with parts, inventory, supplies and equipment including diesel and lubricants, underground equipment and conveying systems (e.g., continuous miners, shuttle cars, longwall systems, roofbolters, mantrips and rockdusters), roof bolts and other roof control products, surface equipment (e.g., draglines and shovels), blasting products (e.g., ammonium nitrate and emulsion), conveyor belts, underground cutting tools (e.g., bits), chemicals (e.g., magnetite and anionic polymers), tires, underground equipment cable and other goods (the “**Goods**”) for use in the regular operation of the Debtors’ mining businesses. Goods are generally shipped by Vendors directly to the Debtors’ mining operations as needed.

2. By this motion (the “**Motion**”), the Debtors seek entry of an order in the form attached hereto as Exhibit A granting the Vendors administrative priority status under section 503(b) of the Bankruptcy Code for undisputed obligations arising from outstanding prepetition orders for Goods delivered after the Petition Date, and to pay such obligations in the ordinary course of business under section 363(c) of the Bankruptcy Code, and to permit all applicable banks and financial institutions to pay all checks presented for the payment of such obligations.

### **Background and Jurisdiction**

3. 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.

4. 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**”).

5. 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.

6. 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.

**Obligations Arising from the Postpetition Delivery of  
Goods Ordered by the Debtors Prepetition Should be Afforded  
Administrative Expense Status and Satisfied in the Ordinary Course of Business**

7. While it is difficult to estimate the total amount due and owing to Vendors under prepetition purchase orders outstanding (the “**Prepetition Orders**”) for Goods ordered prepetition for which delivery will not occur until after the Petition Date, the Debtors submit that the total amount to be paid to the Vendors in connection with the Prepetition Orders, if the requested relief is granted, is *de minimis* compared with the importance and necessity of the Goods. Moreover, any related claims are likely administrative in nature in any event. Indeed, even if the Goods had been received in the ordinary course of the Debtors’ businesses 20 days *before* the Petition Date, the related

claims would have received administrative expense priority under section 503(b)(9) of the Bankruptcy Code. The Debtors therefore seek the authority, in their sole discretion, to pay all claims arising from the Prepetition Orders.

8. As a consequence of the commencement of these chapter 11 cases, the Vendors may be concerned that Goods purchased before the Petition Date pursuant to the Prepetition Orders that are delivered to the Debtors postpetition will render the Vendors general unsecured creditors of the Debtors' estates as to those shipments. Accordingly, Vendors may refuse to provide Goods to the Debtors (or may recall shipments thereof) unless the Debtors issue substitute purchase orders postpetition or obtain an order of the Court (i) providing that all undisputed obligations of the Debtors arising from the postpetition delivery of Goods subject to Prepetition Orders are afforded administrative expense priority under section 503(b) of the Bankruptcy Code and (ii) authorizing the Debtors to satisfy those obligations in the ordinary course of their businesses.

9. The relief requested herein is necessary for the successful reorganization of the Debtors' businesses and will help ensure a continuous supply of materials indispensable to the Debtors' operations. The Debtors submit that, pursuant to section 503(b)(1)(A) of the Bankruptcy Code, obligations that arise in connection with the postpetition delivery of desired and necessary Goods, including Goods ordered prepetition, are in fact administrative expense priority claims in virtually all cases. Thus, the granting of the relief requested herein will likely not provide the Vendors with any greater priority than they would otherwise have if the relief herein is not granted. Absent such relief, however, the Debtors may be required to expend substantial time and effort to reissue the Prepetition Orders or even obtain further relief from the Court to provide the

Vendors with the assurance of such administrative priority, causing disruption to the Debtors' businesses.

10. Courts in this and other jurisdictions have authorized the relief requested herein in other chapter 11 cases. *See, e.g., In re Pinnacle Airlines Corp.*, Case No. 12-11343 (REG) (Bankr. S.D.N.Y. Apr. 2, 2012); *In re AMR Corp.*, Case No. 11-15463 (SHL) (Bankr. S.D.N.Y. Nov. 30, 2011); *In re Sbarro, Inc.*, Case No. 11-11527 (SCC) (Bankr. S.D.N.Y. May 3, 2011); *In re The Great Atl. & Pac. Tea Co., Inc.*, Case No. 10-24549 (RDD) (Bankr. S.D.N.Y. Jan. 12, 2011); *In re Star Tribune Holdings Corp.*, Case No. 09-10244 (RDD) (Bankr. S.D.N.Y. Feb. 9, 2009); *In re Frontier Airlines Holdings, Inc.*, Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. May 15, 2008); *Linens Holding Co.*, Case No. 08-10832 (CSS) (Bankr. D. Del. May 2, 2008); *In re Delta Air Lines, Inc.*, Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sept. 16, 2005); *In re Northwest Airlines, Inc.*, Case No. 05-17930 (ALG) (Bankr. S.D.N.Y. Sept. 15, 2005); *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. Dec. 2, 2001).

11. The authorization sought in this Motion will not prejudice the Debtors' ability to contest the validity of any invoices, and it will not extend to any amounts that are disputed by the Debtors or that are in respect of goods that are not received and accepted by the Debtors subsequent to the Petition Date. In addition, the approval sought herein will not constitute postpetition assumption or reaffirmation of any of the related agreements pursuant to section 365 of the Bankruptcy Code. The Debtors are in the process of reviewing these agreements and reserve all of their rights under the Bankruptcy Code with respect thereto.

12. Based upon the foregoing, the Debtors submit that the relief requested herein is essential, appropriate and in the best interests of the Debtors' estates and creditors, and therefore should be granted.

**Request for Authority for Financial Institutions  
to Honor and Process Related Checks and Transfers**

13. The Debtors also request that all applicable banks and other financial institutions be authorized to receive, process, honor and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, the claims that the Debtors request authority to pay in this motion, regardless of whether the checks were presented or fund transfer requests were submitted before or after the Petition Date; *provided*, however, that: (a) funds are available in the Debtors' accounts to cover the checks and fund transfers and (b) all the banks and other financial institutions are authorized to rely on the Debtors' designation of any particular check as approved by the attached proposed order.

**Necessity for Immediate Relief**

14. 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, issue an order granting . . . (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 . . . .” If the Debtors are not authorized to pay their vendors without interruption in the ordinary course of business under section 363(c) of the Bankruptcy Code, the Debtors would suffer immediate and irreparable harm by damaging the Debtors' ability to sustain their day-to-day operations and meet their various obligations, including under coal supply agreements, possibly

resulting in loss of business and customers, and otherwise. Accordingly, the relief requested herein is consistent with Bankruptcy Rule 6003.

**Request for Waiver of Stay**

15. 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 herein, 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 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

**Notice**

16. 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 Office of the United States Trustee for the Southern District of New York, (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**

17. 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**

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

**In re:**

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

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

**Chapter 11**

**Case No. 12-[ ] (\_\_\_)**

**(Jointly Administered)**

**ORDER (i) GRANTING ADMINISTRATIVE EXPENSE STATUS  
TO DEBTORS' UNDISPUTED OBLIGATIONS TO VENDORS  
ARISING FROM THE POSTPETITION DELIVERY OF GOODS  
ORDERED PREPETITION, (ii) AUTHORIZING DEBTORS TO PAY  
THOSE OBLIGATIONS IN THE ORDINARY COURSE OF BUSINESS AND  
(iii) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR  
AND PROCESS RELATED CHECKS AND TRANSFERS**

Upon the motion (the "**Motion**")<sup>2</sup> of Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the "**Debtors**") to (i) grant administrative expense status to the Debtors' undisputed obligations to vendors (the "**Vendors**") arising from the postpetition delivery of goods (the "**Goods**") ordered prepetition (the "**Prepetition Orders**"), (ii) authorize the Debtors to pay such obligations in the ordinary course of business and (iii) authorize financial institutions to honor and process related checks and transfers, as more fully described in the Motion; and upon consideration of the Declaration of Mark N. Schroeder, Patriot

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<sup>1</sup> 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.

<sup>2</sup> Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Motion.

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 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, (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 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 Vendors shall be afforded administrative expense priority status, pursuant to section 503(b) of the Bankruptcy Code, with respect to those obligations of the Debtors for Goods delivered and accepted postpetition under Prepetition Orders that the Debtors determine are valid claims against the Debtors' estates; and it is further

ORDERED that the Debtors are authorized to pay, in their sole discretion, all undisputed obligations arising from the postpetition delivery or shipment by the Vendors of Goods, including shipments of parts, inventory, supplies and equipment, subject to the Prepetition Orders, consistent with their customary practices in the ordinary course of their businesses; and it is further

ORDERED that all applicable banks and other financial institutions are hereby authorized to receive, process, honor, and pay any and all checks, drafts, wires, check transfer requests or automated clearing house transfers evidencing amounts paid by the Debtors under this Order whether presented prior to or after the Petition Date to the extent the Debtors have good funds standing to their credit with such bank or other financial institution. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid

pursuant to this Order without any duty of further inquiry and without liability for following the Debtors' instructions; and it is further

ORDERED that nothing in this Order shall be deemed either a grant of administrative expense priority status to, or authority to pay, amounts in respect of inventory or other goods that are not deemed to be Goods for the purposes of this Order; and it is further

ORDERED that nothing in this Order or the Motion shall be construed as prejudicing any rights the Debtors may have to dispute or contest the amount of or basis for any claims against the Debtors arising in connection with the Prepetition Orders; and it is further

ORDERED that nothing in this Order shall be deemed to constitute a postpetition assumption of any agreements related to the Goods or the Vendors pursuant to section 365 of the Bankruptcy Code; 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 notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that notice of the Motion as provided therein shall be deemed good  
and sufficient notice of the Motion.

Dated: New York, New York

\_\_\_\_\_, 2012

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UNITED STATES BANKRUPTCY JUDGE