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

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-[] (___)

(Jointly Administered)

**DEBTORS' MOTION FOR AN ORDER AUTHORIZING
(i) DEBTORS TO CONTINUE AND RENEW THEIR LIABILITY, PROPERTY,
CASUALTY AND OTHER INSURANCE PROGRAMS AND HONOR ALL
OBLIGATIONS IN RESPECT THEREOF AND
(ii) 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:

Relief Requested

1. By this motion (the “**Motion**”), pursuant to sections 105(a), 363(b)(1) and 363(c)(1) of the Bankruptcy Code, the Debtors seek an order in the form attached

¹ 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.

hereto as Exhibit A (the “**Interim Order**”) authorizing the Debtors to maintain, continue and renew, in their sole discretion, the Insurance Programs (defined below) on an uninterrupted basis and in accordance with the same practices and procedures as were in effect before the Petition Date. This would include (a) paying all amounts arising under the Insurance Programs or the financing thereof (the “**Insurance Obligations**”) whether due and payable before or after the Petition Date and (b) renewing or obtaining new insurance policies as needed in the ordinary course of business. If the requested relief is not granted and the Insurance Programs lapse or terminate, the Debtors may well be unable to continue large portions of their operations, thereby endangering the Debtors’ successful reorganization and substantially harming all creditors.

Background and Jurisdiction

2. 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.

3. 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**”).

4. 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.

5. 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.

The Debtors' Insurance Programs

6. In the ordinary course of the Debtors' businesses, the Debtors maintain various liability, casualty, property and other insurance and reinsurance and risk control programs (the "**Insurance Programs**") through several private insurance carriers (the "**Insurance Carriers**"). A summary of the Debtors' principal Insurance Programs is set forth on Exhibit B attached hereto.²

7. The Insurance Programs include coverage for, among other things, personal injury, property damage, pollution, operation of vehicles, crime, business interruption, breach of duty by officers or directors, and various other property-related and general liabilities. All of the Insurance Programs referenced above are essential to the ongoing operation of the Debtors' businesses. In addition to the Insurance Programs, the Debtors maintain several workers' compensation policies or self-insurance programs.³

² Due to the breadth of the Debtors' businesses, the Debtors may have certain current Insurance Programs not reflected on Exhibit B. The failure of the Debtors to include a particular insurance policy on Exhibit B shall not operate to exclude that policy from the coverage of this Motion or any Order entered in connection with this Motion.

³ A detailed discussion of the Debtors' workers' compensation policies and self-insurance programs is set forth in the Debtors' Motion for An Order Authorizing (i) Debtors to (a) Pay Prepetition Wages, Salaries, Employee Benefits and Other Compensation and (b) Maintain Employee Benefits (...continued)

8. The Debtors employ insurance brokers to assist them with the procurement and management of the Insurance Programs. These include, among others, Aon Risk, Willis of Tennessee and Marsh USA (the “**Brokers**”). The Brokers receive compensation (the “**Brokers’ Fees**”) from the Debtors pursuant to various agreements. In 2011, the Debtors paid Brokers’ Fees of approximately \$900,000.00.

9. The premiums for most of the Insurance Programs (the “**Insurance Premiums**”) are determined annually and are paid by the Debtors directly or through AFCO Credit Corporation (“**AFCO**”) on behalf of the Debtors at policy inception pursuant to a financing arrangement, which the Debtors repay via installments through the policy term directly to AFCO. In 2011, Insurance Premiums under the Insurance Programs aggregated approximately \$14.6 million. The Debtors believe that all material Insurance Premiums that were due and payable on or prior to the Petition Date have been fully paid.⁴

10. Pursuant to the Insurance Programs, the Debtors may be required to pay various deductibles or retention amounts (the “**Insurance Deductibles**”), depending upon the type of claim and insurance policy involved. Under certain policies, the Insurance Carriers may pay claimants and then invoice the Debtors for any Insurance Deductible. In such situations, the Insurance Carriers may have prepetition claims against the Debtors. As of the Petition Date, the Debtors do not believe there are any

(continued...)

Programs and Pay Related Administrative Obligations, (ii) Employees and Retirees to Proceed with Outstanding Workers’ Compensation Claims and (iii) Financial Institutions to Honor and Process Related Checks and Transfers.

⁴ The Debtors also post collateral in the form of letters of credit to support certain insurance obligations.

material prepetition obligations owed to Insurance Carriers relating to Insurance Deductibles but, out of an abundance of caution, the Debtors seek authority to satisfy any such prepetition obligations.

**Continuing the Insurance Programs and Paying All Insurance Obligations
Is Necessary to Preserve the Value of the Debtors' Estates**

11. The nature of the Debtors' businesses makes it essential for the Debtors to maintain their Insurance Programs on an ongoing and uninterrupted basis. The non-payment of any premiums, deductibles or related fees under the Insurance Programs could result in one or more of the Insurance Carriers terminating or declining to renew their insurance policies or refusing to enter into new insurance policies with the Debtors in the future. If the Insurance Programs lapse without renewal, the Debtors could be exposed to substantial liability for personal and/or property damages, to the detriment of all parties in interest.

12. Pursuant to the terms of many of their leases and financing agreements, the Debtors are obligated to remain current with respect to certain of their primary Insurance Programs. Thus, in order for the Debtors to maintain their operations in compliance with various contractual obligations, the Debtors must be able to continue their Insurance Programs without disruption.

13. Finally, as directed by the Office of the United States Trustee for the Southern District of New York ("U.S. Trustee"), debtors in chapter 11 cases have fiduciary and legal duties to provide "adequate proof that the debtor has all appropriate insurance coverage." *See Operating Guidelines and Financial Reporting Requirements*, Office of the U.S. Trustee. The Debtors must continue the Insurance Programs and pay all prepetition and postpetition Insurance Obligations arising under the Insurance

Programs to preserve the Debtors' businesses and preserve the value of the Debtors' estates for all creditors.

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

14. 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.

Applicable Authority

15. Section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). A bankruptcy court's use of its equitable powers to "authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept." *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). "Under 11 U.S.C. § 105, a court can permit pre-plan payment of prepetition obligations when essential to the continued operation of the debtor." *In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (citing *Ionosphere Clubs*, 98 B.R. at 177).

16. In a long line of well-established cases, federal courts have consistently permitted postpetition payment of prepetition obligations where necessary to preserve or enhance the value of a debtor's estate for the benefit of all creditors. *See, e.g., Miltenberger v. Logansport Ry.*, 106 U.S. 286 (1882) (payment of pre-receivership claim prior to reorganization permitted to prevent "stoppage of [crucial] business relations"); *Mich. Bureau of Workers' Disability Comp. v. Chateaugay Corp.* (*In re Chateaugay Corp.*), 80 B.R. 279 (S.D.N.Y. 1987), *appeal dismissed*, 838 F.2d 59 (2d Cir. 1988) (approving lower court order authorizing payment of prepetition wages, salaries, expenses and benefits).

17. This "doctrine of necessity" functions in a chapter 11 reorganization as a mechanism by which the bankruptcy court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code. *See In re Boston & Me. Corp.*, 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing the existence of a judicial power to authorize trustees to pay claims for goods and services that are indispensably necessary to the debtors' continued operation). The doctrine is frequently invoked early in a reorganization, particularly in connection with those chapter 11 sections that relate to payment of prepetition claims. The court in *In re Structurelite Plastics Corp.*, 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988) indicated its accord with "the principle that a bankruptcy court may exercise its equity powers under section 105(a) to authorize payment of pre-petition claims where such payment is necessary to 'permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately.'" The court stated that "a *per se* rule proscribing the payment of prepetition indebtedness may well be too inflexible to

permit the effectuation of the rehabilitative purposes of the Code.” *Id.* at 932.

Accordingly, pursuant to section 105(a) of the Bankruptcy Code, this Court is empowered to grant the relief requested herein.

18. Moreover, section 363(b)(1) of the Bankruptcy Code empowers the Court to allow the debtor to “use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Debtors’ decisions to use, sell or lease assets outside the ordinary course of business must be based upon the sound business judgment of the debtor. *See In re Chateaugay Corp.*, 973 F.2d 141, 143 (2d Cir. 1992) (holding that a judge determining a section 363(b) application must find from the evidence presented before him or her a good business reason to grant such application); *see also Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003); *In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 674 (Bankr. S.D.N.Y. 1989) (noting the standard for determining a section 363(b) motion is “a good business reason”).

19. The business judgment rule is satisfied “when the following elements are present: (1) a business decision, (2) disinterestedness, (3) due care, (4) good faith, and (5) according to some courts and commentators, no abuse of discretion or waste of corporate assets.” *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993) (internal quotations omitted). In fact, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the

debtor's conduct." *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Courts in this district have consistently and appropriately been loath to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence and will uphold a board's decisions as long as they are attributable to any "rational business purpose." *In re Integrated Res. Inc.*, 147 B.R. at 656.

20. The Debtors submit that the requested relief represents a sound exercise of the Debtors' business judgment and is justified under sections 105(a) and 363(b) of the Bankruptcy Code, and *all* of the Debtors' creditors will benefit if the requested relief is granted. Additionally, any prepetition amounts that the Debtors may pay in respect of the Insurance Programs are extremely small in light of the size of the Debtors' estates and benefits to be derived therefrom. Therefore, the Debtors submit that the continuation of the Insurance Programs and the payment of all prepetition and postpetition Insurance Obligations arising thereunder is essential to preserve the Debtors' assets and protect against unknowable losses. Further, for the avoidance of doubt, the Debtors are not seeking authority to prepay any of their Insurance Obligations.

21. Finally, section 363(c)(1) expressly grants the Debtors the authority to "enter into transactions . . . in the ordinary course of business" and "use property of the estate in the ordinary course of business without notice or a hearing." Therefore, the Debtors believe they are permitted to pay all postpetition amounts due pursuant to the Insurance Programs and to renew or obtain new insurance policies as such actions are in the ordinary course of the Debtors' businesses.

22. Numerous courts in this jurisdiction have granted the relief requested herein in other large chapter 11 cases. *See, e.g., In re AMR Corp.*, Case No. 1115463 (Bankr. S.D.N.Y. Dec. 22, 2011); *In re Insight Health Servs. Holdings Corp.*, Case No. 10-16564 (Bankr. S.D.N.Y. Dec. 14, 2010); *In re Blockbuster Inc.*, Case No. 10-14997 (Bankr. S.D.N.Y. Sept. 23, 2010); *In re Innkeepers USA Trust*, Case No. 10-13800 (Bankr. S.D.N.Y. Aug. 12, 2010); *In re Citadel Broad. Corp.*, Case No. 09-17442 (Bankr. S.D.N.Y. Feb. 3, 2010); *In re Uno Rest. Holdings Corp.*, Case No. 10-10209 (Bankr. S.D.N.Y. Jan. 20, 2010); *In re The Reader's Digest Ass'n*, Case No. 09-23529 (Bankr. S.D.N.Y. Sept. 17, 2009); *In re Lear Corp.*, Case No. 09-14326 (Bankr. S.D.N.Y. July 31, 2009); *In re Star Tribune Holdings Corp.*, Case No. 09-10244 (RDD) (Bankr. S.D.N.Y. Jan. 16, 2009); *In re Frontier Airlines Holdings, Inc.*, Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. April 14, 2008); *In re PLVTZ, Inc.*, Case No. 07-13532 (Bankr. S.D.N.Y. Nov. 9, 2007); *In re Dana Corp.*, Case No. 06-10354 (Bankr. S.D.N.Y. Mar. 6, 2006); *In re Delta Air Lines, Inc.*, Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sep. 15, 2005); *In re Footstar, Inc.*, Case No. 04-22350 (ASH) (Bankr. S.D.N.Y. Mar. 30, 2004); *In re WorldCom, Inc.*, Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. Jul. 22, 2002); *In re Adelpia Commc'n Corp.*, Case No. 02-41729 (REG) (Bankr. S.D.N.Y. June 26, 2002); *In re Adelpia Bus. Solutions, Inc.*, Case No. 02-11389 (REG) (Bankr. S.D.N.Y. March 27, 2002); *In re Global Crossing Ltd.*, Case No. 02-40188 (REG) (Bankr. S.D.N.Y. Jan. 28, 2002); *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. Dec. 3, 2001).

23. To the extent any Insurance Program or related agreement is deemed an executory contract within the meaning of section 365 of the Bankruptcy Code, the

Debtors do not, at this time, seek to assume the same. Accordingly, if the Court authorizes the payments described above, such payments should not be deemed to constitute postpetition assumption, reaffirmation or adoption of the programs, policies, or agreements as executory contracts pursuant to section 365 of the Bankruptcy Code.

Necessity for Immediate Relief

24. 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”

25. The Debtors believe that in July 2012 they may need to make aggregate payments of approximately \$1.3 million to their Insurance Carriers and Brokers. These payments include payments for property and casualty insurance covering their operations. The Debtors would of course suffer immediate and irreparable harm if their operations were disrupted due to lack of required insurance.

Request for Waiver of Stay

26. 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 above, 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.

Interim Order

27. The Debtors seek the relief requested in this Motion in the form of the interim order (the “**Interim Order**”) attached hereto as Exhibit A. Within three business days of the entry of the Interim Order, the Debtors will serve a copy of the Interim Order and this 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, (h) the United States Attorney’s Office for the Southern District of New York and (i) the Insurance Carriers set forth on Exhibit B attached hereto.

28. The Debtors request that the deadline to file an objection (“**Objection**”) to the Motion shall be 4:00 p.m. (prevailing Eastern Time) on a date established by the Court that is at least seven calendar days prior to any hearing scheduled by the Court with respect to the relief sought herein on a final basis (the “**Objection Deadline**”). An Objection shall be considered timely only if, on or prior to the Objection Deadline, it is (a) filed with the Court and (b) served upon and 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.

29. Unless otherwise ordered by the Court, 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 business days before the date of the applicable hearing.

30. If no Objections are timely filed and served as set forth herein, the Debtors shall, on or after the Objection Deadline, submit to the Court a final order granting the relief requested herein, which order shall be submitted and may be entered with no further notice or opportunity to be heard afforded to any party. If an Objection is timely filed, a hearing will be held at a date and time to be established by the Court.

31. The foregoing notice procedures satisfy Bankruptcy Rule 9014 by providing the counterparties with notice and an opportunity to object and be heard at a hearing. *See, e.g., In re Drexel Burnham Lambert*, 160 B.R. 729, 734 (S.D.N.Y. 1993) (an opportunity to present objections satisfies due process); *In re Colorado Mountain Cellars, Inc.*, 226 B.R. 244, 246 (D. Colo. 1998) (a hearing is not required to satisfy Bankruptcy Rule 9014). Furthermore, the proposed notice procedures protect the due process rights of the parties in interest without unnecessarily exposing the Debtors' estates to unwarranted administrative expenses.

Notice

32. 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 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, (h) the United States Attorney's Office for the Southern District of New York and (i) the Insurance Carriers set forth on Exhibit B attached hereto.

No Previous Request

33. 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.¹

Chapter 11

Case No. 12-[] (___)

(Jointly Administered)

**INTERIM ORDER AUTHORIZING (i) DEBTORS TO CONTINUE AND RENEW
THEIR LIABILITY, PROPERTY, CASUALTY AND OTHER INSURANCE
PROGRAMS AND HONOR ALL OBLIGATIONS IN RESPECT
THEREOF AND (ii) FINANCIAL INSTITUTIONS
TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

34. 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 authorization, in their sole discretion, to (a) continue their liability, property, casualty and other insurance programs (the “**Insurance Programs**”), and (b) pay all obligations in respect thereof pursuant to sections 105(a), 363(b)(1) and 363(c)(1) 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

¹ 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.

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

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 (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, (h) the United States Attorney’s Office for the Southern District of New York and (i) the Insurance Carriers set forth on Exhibit B attached hereto; 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 the relief requested 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, pursuant to sections 105(a), 363(b)(1) and 363(c)(1) of the Bankruptcy Code, the relief requested in the Motion is hereby granted as set forth herein; and it is further

ORDERED that the Debtors are, in their sole discretion, authorized to maintain their Insurance Programs without interruption and in accordance with the same practices and procedures as were in effect prior to the commencement of the Debtors' chapter 11 cases; and it is further

ORDERED that the Debtors are, in their sole discretion, authorized, but not required, to pay any amounts arising under the Insurance Programs or the financing thereof, whether due and payable before or after the commencement of these chapter 11 cases; *provided* that, prior to entry of an order granting the relief requested in the Motion on a final basis, the Debtors will not pay any prepetition amount arising under the Insurance Programs before the applicable due date; and it is further

ORDERED that the Debtors are, in their sole discretion, authorized, but not required, to renew or obtain new insurance policies or execute other agreements in connection with their Insurance Programs, including, without limitation, upon the expiration or termination of any Insurance Program; 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 Interim 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 Interim Order without any duty of further inquiry and without liability for following the Debtors' instructions; and it is further

ORDERED that nothing in this Interim Order or the Motion shall be construed as prejudicing the rights of the Debtors to dispute or contest the amount of or basis for any claims against the Debtors in connection with or relating to the Debtors' Insurance Programs; and it is further

ORDERED that, to the extent any Insurance Program or related agreement is deemed an executory contract within the meaning of section 365 of the Bankruptcy Code, neither this Interim Order nor any payments made in accordance with this Interim Order shall constitute the postpetition assumption or reaffirmation of those Insurance Programs or related agreements under section 365 of the Bankruptcy Code; and it is further

ORDERED that to the extent that there may be any inconsistency between the terms of the interim or final order approving the proposed debtor in possession financing, if and when entered, and this Interim Order, the terms of the interim or final order approving the proposed debtor in possession financing, as applicable, shall govern; and it is further

35. ORDERED that within three business days of the entry of this Interim Order, the Debtors shall serve a copy of the 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, (h) the United States Attorney's Office for the Southern District of New York and (i) the Insurance Carriers set forth on Exhibit B attached hereto; 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 _____ (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 if timely objections are received there shall be a hearing held on _____, 2012 at _____ (prevailing Eastern time) to consider the timely objections to the Motion; and it is further

ORDERED that if no Objections are timely filed and served as set forth herein, the Debtors shall, on or after the Objection Deadline, submit to the Court a final order substantially in the form of this Interim Order, which final order shall be submitted and may be entered with no further notice or opportunity to be heard afforded any party, and the Motion shall be approved *nunc pro tunc* to the Petition Date; 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 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.

Dated: New York, New York

_____, 2012

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Coverage	Underwriter	Policy Number	Policy Term	Limit
Primary Directors & Officers	XL	ELU123382-11	11/1/11-11/1/12	\$15 million
Excess Directors & Officers (A,B & C)	Chartis	01-301-28-80	11/1/11-11/1/12	\$15 million
Excess Directors & Officers (A,B & C)	Hartford	00DA0246241 11	11/1/11-11/1/12	\$10 million
Excess Directors & Officers (A,B & C)	Axis	MLN735294/01/2011	11/1/11-11/1/12	\$10 million
Excess Directors & Officers (A,B & C)	Berkley	18004351	11/1/11-11/1/12	\$10 million
Excess Directors & Officers (A,B & C)	C N A	287300168	11/1/11-11/1/12	\$10 million
Excess Directors & Officers (A,B & C)	HCC	14-MGU-11-A25136	11/1/11-11/1/12	\$10 million
Excess D&O Side A Only	ACE	DOX G23652936005	11/1/11-11/1/12	\$10 million
Excess D&O Side A Only	AWAC	0305-0514	11/1/11-11/1/12	\$10 million
Excess D&O Side A Only	Zurich	DOC 5940909-03	11/1/11-11/1/12	\$10 million
Excess D&O Side A Only	Chubb	8222-9122	11/1/11-11/1/12	\$10 million
Excess D&O Side A Only	RSUI	NHS643735	11/1/11-11/1/12	\$10 million
Excess D&O Side A Only	Endurance	ADX10003441000	11/1/11-11/1/12	\$10 million
Excess D&O Side A Only	Ironshore	IRH 001192400	11/1/11-11/1/12	\$10 million
Employment Practices (2yr: 2011-2013)	AIG	01-308-55-92 18330535	11/1/11-11/1/13	\$10 million
Fiduciary Liability	C N A	425246336	11/1/11-11/1/12	\$15 million
Fiduciary Liability	Axis	MLN743730-01-2011	11/1/11-11/1/12	\$15 million
Fiduciary Liability	Zurich	FLC 9829354-01	11/1/11-11/1/12	\$10 million
Special; K&R (3 yr: 2011-2014)	Hiscox	UKA3003190.11	11/1/11-11/1/14	\$15 million
Crime (2 yr: 2010-2012)	Zurich	00 2450643	11/1/10-11/1/12	\$10 million
US Property	Maiden Re Lloyds AWAC Aspen Max/Alterra Axis Ace Westchester Ironshore Hannover RSUI Lexington Starr Tech	SILMY0145904S DP854611 P008574/004 PRA4N1F11 72202-4673-PRMAN-2011 EAF748513-11 D37372304 003 440395911A DP873111 NHT373881 66095537 EPR N0 51 08 26 3	11/1/11-11/1/12	\$120 million
Global Marine Cargo	CNA WQIS CNA National Union NY Marine XL AGCS	OC250461 44-50283 H864118 0 51760680 ML101016/11 UM00020824MA11A OXL92005302	11/1/11-11/1/12	\$52 million
US General & Products Liability	AIG	GL4807244	11/1/11-11/1/12	\$2 million
Pollution Legal Liability (2 yr 2011-2013)	ACE	G24878983001	11/1/11-11/1/13	\$10 million
US Auto Liability	AIG	CA4806731	11/1/11-11/1/12	\$2 million
Storage Tank Liability	ACE	UST G24882639003	11/1/11-11/1/12	\$2 million
Non-Owned Aircraft	XL Specialty	NAN4014996	11/1/11-11/1/12	\$10 million
Railroad Liability	Arch Specialty	binder #5475	11/1/11-11/1/12	\$6 million
Workers Comp SIR (excess policy)	Chartis	WC0898921	11/1/11-11/1/12	statutory
Workers Comp Deductible w/ FBL	Chartis	WC007209909	11/1/11-11/1/12	statutory
First Layer Umbrella	AIG	BE12816060	11/1/11-11/1/12	\$50 million
Puni wrap first layer	AIG	13630994	11/1/11-11/1/12	\$50 million
Second Layer Umbrella	Aspen	K0A088611A0MQ001	11/1/11-11/1/12	\$25 million
Puni wrap second layer	Aspen	PDA144Y11A0J	11/1/11-11/1/12	\$25 million
Fourth Layer Umbrella	XL UK	IE00014341LI11A	11/1/11-11/1/12	\$25 million
Fifth Layer Umbrella	Liberty	B080112242U11	11/1/11-11/1/12	\$25 million
Sixth Layer Umbrella	Iron-Starr	IS0000731	11/1/11-11/1/12	\$25 million

Coverage	Underwriter	Policy Number	Policy Term	Limit
Seventh Layer Umbrella	Axis/Argo QS	13477U11 & 113811	11/1/11-11/1/12	\$50 million