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**Hearing:** August 2, 2012 at 2:00 P.M.  
**Objection Deadline:** July 26, 2012 at 4:00 P.M.

*Counsel to General Electric  
Capital Corporation*

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

In re:

PATRIOT COAL CORPORATION,  
*et al.*,

Debtors.

Chapter 11  
Case No.: 12-12900 (SCC)  
(Jointly Administered)  
Refers to Docket No. 136

**LIMITED OBJECTION OF GENERAL ELECTRIC CAPITAL  
CORPORATION TO DEBTORS' MOTION FOR  
APPROVAL OF PROCEDURES FOR THE REJECTION OF  
EXECUTORY CONTRACTS AND UNEXPIRED LEASES  
AND FOR THE ABANDONMENT OF PERSONAL PROPERTY**

General Electric Capital Corporation ("**GECC**"), by its undersigned attorneys, files this limited objection to the Debtors' Motion for Approval of Procedures for the Rejection of Executory Contracts and Unexpired Leases and for the Abandonment of Personal Property (the "**Motion**") and respectfully represents as follows:

1. By their Motion, the Debtors seek an order establishing procedures (the "**Procedures**") for: (a) the rejection of executory contracts and unexpired leases and subleases; and, (b) the abandonment of personal property associated with rejected Leases.<sup>1</sup>

<sup>1</sup> The Motion also requests that the Court (a) prohibit any contract counterparty or lessor from exercising its rights of setoff or recoupment of a security deposit without prior order of the Court and (b) require that the holder of any claim for damages arising from the rejection of any Contract or Lease or abandonment of Expendable Property pursuant to the proposed procedures be required to file a proof of claim.

2. GECC does not object to expediting the rejection process by eliminating the necessity for hearings on uncontested rejections of contracts and leases and abandonment of expendable property. However, if the proposed Procedures are applicable to the closure of the Debtors' coal mines, they need modifications to protect and preserve the rights of regulators and other parties-in-interest.

#### **BACKGROUND**

3. GECC is currently the lessor under several unexpired leases of personal property (the "**Equipment Leases**") to Patriot Leasing Company LLC ("**PLC**"), one of the Debtors in these jointly administered cases.<sup>2</sup> Another of the Debtors, Patriot Coal Corporation<sup>3</sup> ("**PCC**"), guaranteed PLC's obligations under the Equipment Leases and is primarily liable to GECC for the performance of all obligations under the Equipment Leases.

4. Pursuant to the Equipment Leases, PLC leased certain mining and quarry equipment that is being used by one or more of the Debtors in the operation of their businesses. Most of this mining and quarry equipment is located underground, within mines operated by the Debtors.

#### **LIMITED OBJECTION**

5. It is unclear from the Motion whether the Debtors intend to utilize the Procedures in connection with the closure of mines or the rejection of agreements relating to mining operations and equipment. If not, the Procedures should be modified to provide that they are not applicable in such situations.

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<sup>2</sup> Patriot Leasing Company LLC is the debtor in Case No. 12-12971 (SCC).

<sup>3</sup> Patriot Coal Corporation is the debtor in Case No. 12-12900 (SCC).

6. However, if the Debtors do intend for these Procedures to apply to the closure of mines or the rejection of agreements relating to mining operations and equipment the Procedures should be modified to accommodate the unique regulatory requirements applicable to mine closures.

7. The Debtors' "first-day filings" acknowledge that their mining operations are subject to numerous federal and state laws and regulations.

Federal and state regulatory authorities impose obligations on the coal mining industry in a wide array of areas, including employee health and safety, permitting and licensing requirements, *environmental protection, the reclamation and restoration of mining properties after mining has been completed, surface subsidence from underground mining and the effect of mining on surface and groundwater quality and availability.*

Declaration of Mark N. Schroeder Pursuant to Local Bankruptcy Rule 1007-2 (Dkt. No. 4) ¶30 at 12 (emphasis supplied).

8. In particular, the closure of underground mines imposes numerous environmental and regulatory obligations on mine operators. Presumably the Debtors do not intend for the Procedures to affect their compliance with these regulatory obligations.<sup>4</sup> Therefore, the Procedures should be modified to provide that, notwithstanding anything contained therein, the Debtors shall comply with all applicable laws and regulations with regard to the proposed discontinuance of mining operations or the abandonment of equipment that could affect the environment.

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<sup>4</sup> See, *Midlantic National Bank v. New Jersey Department of Environmental Protection*, 474 U.S. 494, 507 (1986) ("Bankruptcy Court does not have the power to authorize an abandonment without formulating conditions that will adequately protect the public's health and safety").

9. GECC reserves the right to modify or supplement this Limited Objection based upon any additional information concerning the intended application and scope of the Procedures.

Dated: July 26, 2012  
New York, New York

Respectfully submitted,  
REED SMITH LLP

*/s/ Michael J. Venditto*

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**AFFIDAVIT OF SERVICE**

STATE OF NEW YORK            )  
  )     ss.:  
COUNTY OF NEW YORK        )

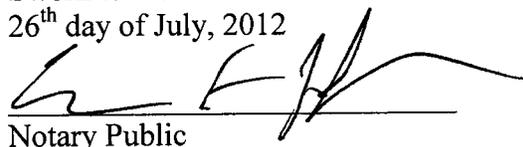
I, Anne Suffern, being duly sworn, depose and say:

1. I am not a party to this action, am over eighteen years of age and employed by Reed Smith LLP, located at 599 Lexington Avenue, New York, NY 10022.

2. On July 26, 2012, I served a true and correct copy of the Limited Objection of General Electric Capital Corporation to Debtors' Motion for Approval of Procedures for the Rejection of Executory Contracts and Unexpired Leases and for the Abandonment of Personal Property upon the attached service list by method indicated.



Sworn to me this  
26<sup>th</sup> day of July, 2012

  
Notary Public

**EVAN F. JAFFE**  
Notary Public, State of New York  
No. 01JA6196006  
Commission Expires 11/03/2012

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