

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-51502-659
(Jointly Administered)

Objection Deadline:

August 14, 2013 at 4:00 p.m.
(prevailing Central Time)

Hearing Date (if necessary):

August 20, 2013 at 10:00 a.m.
(prevailing Central Time)

Hearing Location:

Courtroom 7 North

**NOTICE AND APPLICATION OF THE DEBTORS FOR AUTHORITY TO
EMPLOY AND RETAIN DUFF & PHELPS, LLC AS VALUATION SERVICES
PROVIDER FOR THE DEBTORS *NUNC PRO TUNC* TO JULY 11, 2013**

PLEASE TAKE NOTICE THAT this application is scheduled for hearing on August 20, 2013, at 10:00 a.m. (prevailing Central Time), in Bankruptcy Courtroom Seventh Floor North, in the Thomas F. Eagleton U.S. Courthouse, 111 South Tenth Street, St. Louis, Missouri, 63102.

WARNING: ANY RESPONSE OR OBJECTION TO THIS APPLICATION MUST BE FILED WITH THE COURT BY 4:00 P.M. (PREVAILING CENTRAL TIME) ON AUGUST 14, 2013. A COPY MUST BE PROMPTLY SERVED UPON THE UNDERSIGNED. FAILURE TO FILE A TIMELY RESPONSE MAY RESULT IN THE COURT GRANTING THE RELIEF REQUESTED PRIOR TO THE HEARING DATE.

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.

**APPLICATION OF THE DEBTORS FOR AUTHORITY TO
EMPLOY AND RETAIN DUFF & PHELPS, LLC AS VALUATION SERVICES
PROVIDER FOR THE DEBTORS EFFECTIVE JULY 11, 2013**

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

Relief Requested

1. By this application (the “**Application**”), the Debtors request the entry of an order (the “**Proposed Order**”)² authorizing the Debtors, pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rule 2014 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the Eastern District of Missouri (the “**Local Bankruptcy Rules**”), to retain and employ Duff & Phelps, LLC (“**Duff & Phelps**”) effective July 11, 2013 (the “**Effective Date**”) as their valuation services provider in connection with valuation, liquidation analysis and fresh start accounting services required during these chapter 11 cases. The Debtors request that the Court approve the employment of Duff & Phelps under the terms and conditions set forth in this Application, as more fully described in the Declaration of Edward Lee, a managing director of Duff & Phelps, attached hereto (the “**Declaration**”).

²The Proposed Order granting the relief requested in this Motion will be provided to the Core Parties (as defined below). A copy of the Proposed Order will be made available at www.patriotcaseinfo.com/orders.php.

Background and Jurisdiction

2. On July 9, 2012 (the “**Petition Date**”), each Debtor commenced with the United States Bankruptcy Court for the Southern District of New York (the “**SDNY Bankruptcy Court**”) a voluntary case under chapter 11 of the Bankruptcy Code. On December 19, 2012, the SDNY Bankruptcy Court entered an order transferring the Debtors’ chapter 11 cases to this Court (the “**Transfer Order**”) [ECF No. 1789].³ 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. These cases are being jointly administered pursuant to Bankruptcy Rule 1015(b) and the SDNY Bankruptcy Court’s Joint Administration Order entered on July 10, 2012 [ECF No. 30].

3. 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 pursuant to Local Bankruptcy Rule 1007-2 of the SDNY Bankruptcy Court, filed on July 9, 2012 [ECF No. 4], which is incorporated herein by reference.

4. 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.

Qualifications of Duff & Phelps

5. Duff & Phelps is qualified to provide valuation, liquidation analysis, and fresh start accounting services to the Debtors in a cost-effective, efficient, and timely

³ Pursuant to the Transfer Order, all orders previously entered in these chapter 11 cases remain in full force and effect in accordance with their terms notwithstanding the transfer of venue.

manner. Duff & Phelps has significant qualifications and experience in providing services in support of valuation efforts to, among others, companies emerging from chapter 11 proceedings. Specifically, the American Institute of Certified Public Accountants' Statement of Position 90-7 "Financial Reporting by Entities in Reorganization" provides that for entities adopting fresh start reporting, the reorganization value of the entity should be allocated to the entity's assets in conformity with the procedures specified in section 805 of the Accounting Standards Codification ("ASC"). Duff & Phelps has extensive experience in fresh start asset valuation and is one of the industry leaders in financial reporting valuations in conformity with the procedures specified by ASC § 805. The Firm's experience in providing asset valuation services in support of accounting requirements is widely recognized, and the Firm regularly provides such services to large and complex business entities. The professionals at Duff & Phelps possess the knowledge and responsiveness necessary to assist companies emerging from a chapter 11 bankruptcy.

6. In addition, the Debtors have previously employed Duff & Phelps to provide valuation services. Duff & Phelps has valued various segments of the Debtors on multiple occasions for purchase price allocation and asset impairment purposes. As a result of Duff & Phelps' prior work with the Debtors' businesses and assets, Duff & Phelps has considerable knowledge concerning the Debtors and is already intimately familiar with the Debtors' business affairs to the extent necessary for the scope of the proposed and anticipated services.

7. The Debtors submit that the employment of Duff & Phelps is necessary, appropriate and in the best interests of the Debtors, their estates and their creditors under

sections 327(a) and 1107 of the Bankruptcy Code and should therefore be approved.

Scope of Services

8. Pursuant to that certain engagement letter between the Debtors and Duff & Phelps dated July 11, 2013 and its addendum dated July 11, 2013 (the “**Engagement Letters**”, included hereto as “**Exhibit 1**” and “**Exhibit 2**”, respectively), Duff & Phelps will provide the Debtors with the following valuation services, subject to Court approval:

- a. the estimation of the Fair Value and remaining useful life of certain assets and liabilities (the “**Subject Assets and Liabilities**”) for the purposes of fresh start accounting, as defined in the Engagement Letters; and
- b. the estimation of i) the value of the PP&E and Mineral Interests (as defined in the Engagement Letters) assuming that each asset was to be liquidated individually through an orderly liquidation scenario (the “**Orderly Liquidation Value**”) and ii) the value of the PP&E Mineral Interests, Surface Land, and Inventory (as defined in the Engagement Letters) assuming that each asset was to be liquidated individually through a distressed liquidation Scenario (the “**Distressed Liquidation Value**”). Together, the Orderly Liquidation Value and Distressed Liquidation Value will be referred to as the “**Liquidation Values**.”

At the conclusion of the analysis for each (a) and (b) above, Duff & Phelps will provide the Debtors with a written report that will include a narrative description of the methodologies used and the valuation conclusions as to the Liquidation Values and the Subject Assets and Liabilities. These reports will be used by the Debtors and their advisors as part of the bankruptcy analysis necessary for the Debtors to emerge from chapter 11, specifically to compare the Liquidation Values to the estimated reorganization value of the value as a whole and to comply with fresh start accounting standards. The Debtors require knowledgeable financial advisors to provide these essential professional services.

9. Duff & Phelps has stated its desire and willingness to act in these cases and provide the necessary services as valuation services provider for valuation related matters for the Debtors. As noted above, Duff & Phelps has substantial expertise with respect to the Debtors' valuation needs in connection with fresh start accounting. Accordingly, the Debtors believe that Duff & Phelps is both well qualified and uniquely able to represent the Debtors' interests as valuation services provider.

Compensation

10. As set forth in the Declaration, Duff & Phelps intends to charge the Debtors for its fresh start valuation and liquidation valuation services on an hourly basis ranging from \$95 for Administrative Staff to \$620 for Managing Directors. Duff & Phelps has provided the Debtors with the following estimates for the fresh start valuation and liquidation valuation services referenced in the Engagement Letters:

Task	Estimated Fee Range
Valuation of PP&E	\$100,000 - \$105,000
Valuation of Mineral Interest	\$75,000 - \$80,000
Valuation of Surface Land	\$30,000 - \$35,000
Valuation of Other Assets/Liabilities	\$40,000 - \$45,000
Narrative Report and Administration	\$30,000 - \$35,000
Estimation of Liquidation Values	\$75,000 - \$80,000

11. In addition to the fees set forth above, the Debtors will reimburse Duff & Phelps for any direct expenses incurred in connection with Duff & Phelps' retention in these chapter 11 cases and the performance of the services set forth in the Engagement Letters. Duff & Phelps' expenses may include, but are not limited to, reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations, legal services and other expenses specifically relating to the engagement.

12. Duff & Phelps intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with the procedures set forth in the applicable provisions of section 328 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the applicable fee and expense guidelines established by the United States Trustee, the Order to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals entered on August 2, 2012 [ECF No. 262] and any other applicable orders of this Court (collectively, the “**Fee Guidelines**”). Duff & Phelps has agreed not to share with any person or firm the compensation to be paid for professional services rendered in connection with the chapter 11 cases, other than as permitted pursuant to section 504 of the Bankruptcy Code.

13. The Debtors understand that, in connection with the reimbursement of reasonable and necessary expenses, it is Duff & Phelps’ policy to charge its clients for certain expenses incurred in connection with providing certain client services, including travel, lodging, photocopying, postage, vendor charges, delivery service and other expenses incurred in providing professional services. Duff & Phelps intends to seek reimbursement for expenses incurred in connection with the representation of the Debtors in accordance with Duff & Phelps’ policy, subject to modification as may be required by the Fee Guidelines. Duff & Phelps understands that interim and final fee awards are subject to approval by this Court. The Debtors believe that the aforementioned fees and expense reimbursement policy are fair and reasonable in light of (a) industry practice, (b) market rates charged for comparable services both in and out of the chapter 11 context and (c) Duff & Phelps’ experience with respect to these services.

Duff & Phelps' Connections

14. To the best of the Debtors' knowledge, information and belief, other than in connection with these chapter 11 cases and in prior representations of the Debtors, Duff & Phelps does not represent or hold any interest adverse to the Debtors or to the estates; Duff & Phelps does not have any connection with, and has not represented in the past, the United States Trustee for the Eastern District of Missouri, or any person employed by the Office of the United States Trustee for the Eastern District of Missouri; and is not connected with the Honorable Kathy A. Surratt-States approving this Application.

15. To the best of the Debtors' knowledge, Duff & Phelps and its professionals (i) are "disinterested" as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and, as required by section 327(a) of the Bankruptcy Code, neither hold nor represent any interest adverse to the Debtors and their estates and (ii) except as disclosed in the Declaration have no relevant connection to the Debtors or to their significant creditors or certain other potential parties in interest whose names were supplied to Duff & Phelps by the Debtors.

16. The Debtors have been informed that Duff & Phelps intends to conduct an ongoing review of matters it is handling to ensure that no disqualifying circumstances have arisen, and, if any new facts or relationships that Duff & Phelps believes should be disclosed to this Court and the parties in interest in these cases are discovered, Duff & Phelps will file a supplemental disclosure with the Court and serve such supplemental disclosure on the U.S. Trustee. If any new material, relevant facts or relationships are

discovered between review periods, Duff & Phelps will promptly file a supplemental disclosure with the Court and serve such supplemental disclosure on the U.S. Trustee. Accordingly, the Debtors believe that Duff & Phelps should be engaged as valuation services providers in these chapter 11 cases.

Basis for Relief Requested

17. Section 327(a) of the Bankruptcy Code provides that a debtor in possession may, with the court's approval, employ professional persons that do not hold or represent any interest adverse to the debtor or its estate and are disinterested persons.

18. Section 328 of the Bankruptcy Code provides, in relevant part, that a debtor "with the court's approval, may employ or authorize the employment of a professional under section 327 . . . on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis." 11 U.S.C. § 328(a). Thus, section 328(a) permits the Court to approve the terms of Duff & Phelps' hourly fee compensation structure. As recognized by numerous courts, Congress intended section 328(a) to enable debtors to retain professionals pursuant to specific fee arrangements to be determined at the time of the court's approval of the retention, subject to reversal only if the terms are found to be "improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions." 11 U.S.C. § 328(a). *See Donaldson, Lufkin & Jenrette Sec. Corp. v. Nat'l Gypsum Co. (in re Nat'l Gypsum Co.)*, 123 F.3d 861, 862-63 (5th Cir. 1997) ("The court must therefore set the compensation award either according to § 328 or §330. If prior approval is given to a certain compensation, § 328 controls and the court starts with that approved compensation, modifying it only for developments

unforeseen when originally approved.”); *see also In re Benassi*, 72 B.R. 44 (D. Minn. 1987).

19. Duff & Phelps’ services are necessary to the successful functioning of these chapter 11 cases. Based upon both its extensive experience and expertise, and its prior representation of the Debtors, Duff & Phelps is both well-qualified and uniquely able to represent the Debtors with respect to its valuation, liquidation analysis and fresh start accounting needs in an efficient, cost-effective, and timely manner. Accordingly, the Debtors submit that the retention of Duff & Phelps is in the best interests of the Debtors, their estates, and their creditors and should be approved by the Court.

Notice

20. Consistent with the Order Establishing Certain Notice, Case Management and Administrative Procedures [ECF No. 3361] (the “**Case Management Order**”), the Debtors will serve notice of this Application on the Core Parties (as defined in the Case Management Order). All parties who have requested electronic notice of filings in these cases through the Court’s ECF system will automatically receive notice of this Application through the ECF system no later than the day after its filing with the Court. A copy of this Application and any order approving it will also be made available on the Debtors’ Case Information Website (located at www.patriotcaseinfo.com). A copy of the Proposed Order will be provided to the Core Parties, and will be available at www.patriotcaseinfo.com/orders.php (the “**Patriot Orders Website**”). The Proposed Order may be modified or withdrawn at any time without further notice. If any significant modifications are made to the Proposed Order, an amended Proposed Order will be made available on the Patriot Orders Website, and no further notice will be

provided. In light of the relief requested, the Debtors submit that no further notice is necessary. Pursuant to paragraph 14 of the Case Management Order, if no objections are timely filed and served in accordance therewith, the relief requested herein may be entered without a hearing.

21. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice of this Application is necessary or required.

No Previous Request

22. 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: St. Louis, Missouri
July 31, 2013

By: /s/ Joseph W. Bean
Joseph W. Bean
Senior Vice President, Law &
Administration
Patriot Coal Corporation

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

In re

PATRIOT COAL CORPORATION, et al.,

Debtors.

Chapter 11

Case No. 12-51502-659

(Jointly Administered)

SUMMARY OF EXHIBITS

The following exhibits (the “**Exhibits**”) referenced in the *Application of the Debtors for Authority to Employ and Retain Duff & Phelps, LLC as Valuation Services Provider for the Debtors nunc pro tunc to July 11, 2013* will be served on the Core Parties (as defined in the Case Management Order). Copies of the Exhibits will be made available at www.patriotcaseinformation.com/exhibits.php and will be made available for inspection at the hearing.

Exhibit A: Engagement Letter between the Debtors and Duff & Phelps, dated July 11, 2013

Exhibit B: Addendum to the July 11, 2013 Engagement Letter, dated July 11, 2013

Dated: St. Louis, Missouri
July 31, 2013

By: /s/ Joseph W. Bean
Joseph W. Bean
Senior Vice President, Law &
Administration
Patriot Coal Corporation

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

DECLARATION

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

In re

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-51502-659

(Jointly Administered)

DECLARATION OF EDWARD LEE

I, Edward Lee, hereby declare under penalty of perjury:

1. I am a Managing Director in the financial services firm of Duff & Phelps, LLC (“**Duff & Phelps**”). I am duly authorized to make this Declaration (the “**Declaration**”) on behalf of Duff & Phelps.

2. I submit this Declaration, pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 2014 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the Eastern District of Missouri (the “**Local Bankruptcy Rules**”), in support of the *Application of the Debtors for Authority to Employ and Retain Duff & Phelps, LLC as Valuation Services Provider for the Debtors Nunc Pro Tunc to July 11, 2013* (the “**Application**”).²

¹ The Debtors are the entities listed on Schedule 1 attached to the Application (as defined herein). The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

² Capitalized terms used but not defined herein shall have the meanings set forth in the Application.

3. Unless otherwise stated in this Declaration, I have personal knowledge of the facts set forth herein and, if called as a witness, I would testify thereto.

Qualifications of Duff & Phelps

4. Duff & Phelps is qualified to provide valuation, liquidation analysis, and fresh start accounting services to the Debtors in a cost-effective, efficient, and timely manner. Duff & Phelps has significant qualifications and experience in providing services in support of valuation efforts to, among others, companies emerging from chapter 11 proceedings. Specifically, the American Institute of Certified Public Accountants' Statement of Position 90-7 "Financial Reporting by Entities in Reorganization" provides that for entities adopting fresh start reporting, the reorganization value of the entity should be allocated to the entity's assets in conformity with the procedures specified in section 805 of the Accounting Standards Codification ("ASC"). Duff & Phelps has extensive experience in fresh start asset valuation and is one of the industry leaders in financial reporting valuations in conformity with the procedures specified by ASC § 805. The Firm's experience in providing asset valuation services in support of accounting requirements is widely recognized, and the Firm regularly provides such services to large and complex business entities. The professionals at Duff & Phelps possess the knowledge and responsiveness necessary to assist companies emerging from a chapter 11 bankruptcy.

5. In addition, the Debtors have previously employed Duff & Phelps to provide valuation services. Duff & Phelps has valued various segments of the Debtors on multiple occasions for purchase price allocation and asset impairment purposes. As a result of Duff & Phelps' prior work with the Debtors' businesses and assets, Duff & Phelps has considerable knowledge concerning the Debtors and is already intimately familiar with the Debtors' business affairs to the extent necessary for the scope of the proposed and anticipated services.

Scope of Services

6. Pursuant to that certain engagement letter between the Debtors and Duff & Phelps dated July 11, 2013 and its addendum dated July 11, 2013 (the “**Engagement Letters**”), Duff & Phelps will provide the Debtors with the following valuation services, subject to Court approval:

a. the estimation of the Fair Value and remaining useful life of certain assets and liabilities (the “**Subject Assets and Liabilities**”) for the purposes of fresh start accounting, as defined in the Engagement Letters; and

b. the estimation of i) the value of the PP&E and Mineral Interests (as defined in the Engagement Letters) assuming that each asset was to be liquidated individually through an orderly liquidation scenario (the “**Orderly Liquidation Value**”) and ii) the value of the PP&E Mineral Interests, Surface Land, and Inventory (as defined in the Engagement Letters) assuming that each asset was to be liquidated individually through a distressed liquidation Scenario (the “**Distressed Liquidation Value**”). Together, the Orderly Liquidation Value and Distressed Liquidation Value will be referred to as the “**Liquidation Values.**”

7. At the conclusion of the analysis for each (a) and (b) above, Duff & Phelps will provide the Debtors with a written report that will include a narrative description of the methodologies used and the valuation conclusions as to the Liquidation Values and the Subject Assets and Liabilities. These reports will be used by the Debtors and their advisors as part of the bankruptcy analysis necessary for the Debtors to emerge from chapter 11, specifically to compare the Liquidation Values to the estimated reorganization value of the value as a whole and to comply with fresh start accounting standards. The Debtors require knowledgeable financial advisors to provide these essential professional services.

8. Duff & Phelps has stated its desire and willingness to act in these cases and provide the necessary services as valuation services provider for the Debtors. As noted above, Duff & Phelps has substantial expertise with respect to the Debtors’ valuation needs in

connection with fresh start accounting. Duff & Phelps is both well qualified and uniquely able to represent the Debtors' interests as valuation services provider.

Compensation

9. As set forth in the Declaration, Duff & Phelps intends to charge the Debtors for its fresh start valuation and liquidation valuation services on an hourly basis ranging from \$95 for Administrative Staff to \$620 for Managing Directors. Duff & Phelps has provided the Debtors with the following estimates for the fresh start valuation and liquidation valuation services referenced in the Engagement Letters:

Task	Estimated Fee Range
Valuation of PP&E	\$100,000 - \$105,000
Valuation of Mineral Interest	\$75,000 - \$80,000
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Valuation of Other Assets/Liabilities	\$40,000 - \$45,000
Narrative Report and Administration	\$30,000 - \$35,000
Estimation of Liquidation Values	\$75,000 - \$80,000

10. In addition to the fees set forth above, the Debtors will reimburse Duff & Phelps for any direct expenses incurred in connection with Duff & Phelps' retention in these chapter 11 cases and the performance of the services set forth in the Engagement Letters. Duff & Phelps' expenses may include, but are not limited to, reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations, legal services and other expenses specifically relating to the engagement. Duff & Phelps will maintain detailed, contemporaneous records of time spent, as well as any actual and necessary expenses incurred, in connection with the rendering of the services described above by category and nature of the services rendered.

11. Duff & Phelps intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with the procedures set forth in the applicable provisions of section 328 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy

Rules, the applicable fee and expense guidelines established by the United States Trustee, the Order to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals entered on August 2, 2012 [ECF No. 262] and any other applicable orders of this Court (collectively, the “**Fee Guidelines**”). Duff & Phelps has agreed not to share with any person or firm the compensation to be paid for professional services rendered in connection with the chapter 11 cases, other than as permitted pursuant to section 504 of the Bankruptcy Code.

12. In connection with the reimbursement of reasonable and necessary expenses, it is Duff & Phelps’ policy to charge its clients for certain expenses incurred in connection with providing certain client services, including travel and lodging. Duff & Phelps intends to seek reimbursement for expenses incurred in connection with the representation of the Debtors in accordance with Duff & Phelps’ policy, subject to modification as may be required by the Fee Guidelines. Duff & Phelps understands that interim and final fee awards are subject to approval by this Court.

Duff & Phelps’ Connections

13. To the best of my knowledge and information after due inquiry, other than in connection with these chapter 11 cases and in prior representations of the Debtors, Duff & Phelps does not represent or hold any interest adverse to the Debtors or to the estates; Duff & Phelps does not have any connection with, and has not represented in the past, the United States Trustee for the Eastern District of Missouri, or any person employed by the Office of the United States Trustee for the Eastern District of Missouri; and is not connected with the Honorable Kathy A. Surratt-States approving this Application.

14. In connection with its retention by the Debtors, Duff & Phelps conducted a review (such review, the “**Conflict Search**”), of relationships between Duff & Phelps and the list of creditors, equity security holders, and other parties-in-interest provided by the Debtors (collectively, the “**Parties-in-Interest**”), as follows:

- (a) A list of interested parties (the “**Interested Parties**”) was created by the Debtors and provided to Duff & Phelps.
- (b) Duff & Phelps compared each of the Interested Parties to the names that Duff & Phelps has in its master client database created from its conflict clearance and billing records. Duff & Phelps’ client database includes: (i) the name of each current or former client; (ii) the names of any entities materially related to, or materially adverse to, such current or former client; (iii) the names of the Duff & Phelps’ professionals responsible for such current or former clients; (iv) the status of the matter as either “open” or “closed”; and (v) the dates on which the matter was opened and/or closed; and
- (c) Any matches between the Interested Parties and the entities in Duff & Phelps’ client database were identified, reviewed and compiled for purposes of the Declaration. To the extent that Duff & Phelps currently represents, or has represented within the last three (3) years, any of the Interested Parties, the identities of such entities are set forth in “**Annex 1**”, attached hereto. In determining whether a client is presently represented by Duff & Phelps, Duff & Phelps relied on the existence of an “open” notation on the report to reflect current representation. With respect to matters showing as “closed”, Duff & Phelps relied on the “close date” to determine whether the representation occurred within the past three (3) years.

15. Based on the results of the Conflict Search conducted to date, to the best of my knowledge, none of myself, Duff & Phelps or any of its principals, partners, members or professionals (collectively, the “**Professionals**”), insofar as I have been able to ascertain based on the procedures employed in the Conflict Search, (a) have any connection with the Debtors, any of the Parties-in-Interest, or the Office of the United States Trustee (the “**U.S. Trustee**”) or any person employed in the office of the U.S. Trustee, or (b) represents an interest that is materially adverse to the interests of the Debtors’ estates or any class of creditors or equity security holders, or for any other reason of which I know or about which I have been informed, except as disclosed or otherwise described herein.

16. To the best of my knowledge, and based on the results of the Conflict Search, Duff & Phelps is a “disinterested person” as section 101(14) of the Bankruptcy Code defines that term, in that, except as otherwise set forth herein, its Professionals:

- (a) are not creditors, equity security holders or insiders of the Debtors;
- (b) are not and were not, within two years before the date of the filing of the Debtors’ chapter 11 petitions, a director, officer or employee of the Debtors; and
- (c) do not have an interest materially adverse to the interests of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason

17. As part of Duff & Phelps’ diverse business Duff & Phelps appears or may appear in cases, proceedings and transactions involving attorneys, accountants, investment bankers, and financial consultants, some of which may represent claimants and Parties-in-Interest in these chapter 11 cases. Further, Duff & Phelps (including its Professionals prior to their employment at Duff & Phelps) has in the past and will likely in the future be working with or against other

professionals involved in these chapter 11 cases in matters unrelated to these chapter 11 cases. To the best of my knowledge, none of these business relationships constitutes an interest materially adverse to the Debtors.

18. To the best of my knowledge and belief, Duff & Phelps has not represented any potential Parties-in-Interest in connection with the matters relating to the Debtors, their estates, or businesses and will not represent other entities which are creditors of or have other relationships to, the Debtors in matters relating to these chapter 11 cases except as set forth on “**Annex 1**” hereto.

19. In light of the extensive number of the Debtors’ creditors, Parties-in-Interest, and potential additional parties-in-interest, neither I nor Duff & Phelps are able to conclusively identify all potential relationships at this time. In particular, among other things, Duff & Phelps may have relationships with persons who are beneficial owners of Parties-in-Interest or persons who otherwise have relationships with Parties-in-Interest, persons that may become parties in interest in these cases, and/or persons that have business relationships with the Debtors, are competitors of the Debtors, or that are customers of the Debtors.

20. Duff & Phelps intends to conduct an ongoing review of matters it is handling to ensure that no disqualifying circumstances have arisen, and, if any new facts or relationships that Duff & Phelps believes should be disclosed to this Court and the parties in interest in these cases are discovered, Duff & Phelps will file a supplemental disclosure with the Court and serve such supplemental disclosure on the U.S. Trustee. If any new material, relevant facts or relationships are discovered between review periods, Duff & Phelps will promptly file a supplemental disclosure with the Court and serve such supplemental disclosure on the U.S. Trustee.

21. Based upon the foregoing and information available to me at this time, to the best of my knowledge, information, and belief, Duff & Phelps represents no interest or holds any interest adverse to the Debtors or their estates consistent with section 327(a) of the Bankruptcy Code.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief, and that this Declaration was executed on July 31, 2013.

/s/ Edward Lee
Edward Lee

ANNEX 1

Conflict Check Results

Duff & Phelps has active engagements with the following entities (or a related entity):

Party Name	Role in Case
CenterPoint Energy, Inc.	Affiliations of Directors
QuikTrip Corporation	Affiliations of Directors
BlackRock, Inc.	5% and Greater Shareholders and Beneficial Owners
State Street Corporation	5% and Greater Shareholders and Beneficial Owners
AlixPartners	Attorneys, Professionals and Financial Advisors
Arnold & Porter, LLP	Attorneys, Professionals and Financial Advisors
Bank of America, N.A.	Significant Financial Institutions
Barclays Bank PLC	Significant Financial Institutions
Caterpillar Financial Services Corp.	Significant Financial Institutions
Bryan Cave, LLP	Attorneys, Professionals and Financial Advisors
Citibank, Citigroup entities	Significant Financial Institutions
Davis, Polk & Wardwell	Attorneys, Professionals and Financial Advisors
Ernst & Young LLP	Attorneys, Professionals and Financial Advisors
Greenberg Traurig LLP	Attorneys, Professionals and Financial Advisors
Husch Blackwell	Attorneys, Professionals and Financial Advisors
Jackson Kelly PLLC	Attorneys, Professionals and Financial Advisors
Kirkland & Ellis LLP	Attorneys, Professionals and Financial Advisors
Merrill Lynch (GreatBanc Trust Co engagement)	Attorneys, Professionals and Financial Advisors
Morris, Nichols, Arsht & Tunnell LLP	Attorneys, Professionals and Financial Advisors
PNC entities	Significant Financial Institutions
The Blackstone Group LP	Attorneys, Professionals and Financial Advisors
Wilmington Trust Company	Attorneys, Professionals and Financial Advisors
Comerica	Significant Financial Institutions

General Electric Capital Corporation	Significant Equipment Lessors, Top 5 Secured Creditors, Top 50 Unsecured Creditors
Macquarie Corporate and Asset Funding, Inc.	Significant Equipment Lessors
Ritchie Bros. Auctioneers (America) Inc.	Significant Equipment Lessors
Peabody Energy Corp.	Letter of Credit and Surety Bond Providers and Beneficiaries, Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Norfolk Southern	Letters of Credit and Surety Bond Providers and Beneficiaries
Internal Revenue Service	Significant Taxing Authorities
ArcLight Capital Partners	Parties to Significant Litigation
Occidental Petroleum Corporation	Parties to Significant Litigation
U.S. Attorney's Office	Parties to Significant Litigation
American Electric Power Co., Inc.	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Blue Cross Blue Shield (Robins Kaplan engagement)	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Duke Energy entities	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
GenOn Energy Management, LLC	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
ThyssenKrupp CSA Siderurgica	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Aon Risk	Insurers
HCC	Insurers
AT&T entities	Utilities
Frontier	Utilities
Suddenlink	Utilities
Time Warner Cable	Utilities
Verizon entities	Utilities
Windstream	Utilities
Jones Day	Professionals
Latham & Watkins LLP	Professionals
Weil, Gotshal & Manges	Professionals
Willkie Farr & Gallagher	Professionals
Deutsche Bank Securities Inc.	Professionals
Microsoft entities	Notice of Appearance Parties Not Otherwise Listed

Morgan Stanley & Co. LLC	Notice of Appearance Parties Not Otherwise Listed
Oracle America, Inc.	Notice of Appearance Parties Not Otherwise Listed

Duff and Phelps has recent (within the last 3 years) client relationships with the following entities (or a related entity):

Party Name	Role in Case
Buffalo Wild Wings, Inc. (Column and SNS engagements)	Affiliations of Directors
CenterPoint Energy, Inc.	Affiliations of Directors
Freedom Group, Inc.	Affiliations of Directors
QuikTrip Corporation	Affiliations of Directors
Renewable Energy Group, Inc.	Affiliations of Directors
Patriot Coal entities	Subsidiaries
BlackRock, Inc.	5% and Greater Shareholders and Beneficial Owners
State Street Corporation	5% and Greater Shareholders and Beneficial Owners
AlixPartners	Attorneys, Professionals and Financial Advisors
Arnold & Porter, LLP	Attorneys, Professionals and Financial Advisors
Bank of America, N.A.	Significant Financial Institutions
Barclays Bank PLC	Significant Financial Institutions
Caterpillar Financial Services Corp.	Significant Financial Institutions
Bryan Cave, LLP	Attorneys, Professionals and Financial Advisors
CH2M Hill Engineers	Attorneys, Professionals and Financial Advisors
Citibank, Citigroup entities	Significant Financial Institutions
Davis, Polk & Wardwell	Attorneys, Professionals and Financial Advisors
Ernst & Young LLP	Attorneys, Professionals and Financial Advisors
Fifth Third entities	Attorneys, Professionals and Financial Advisors, Top 5 Secured and Top 50 Unsecured Creditors
Greenberg Traurig LLP	Attorneys, Professionals and Financial Advisors
Kohn, Shands, Elbert, Gianoulakis & Giljum. LLP	Attorneys, Professionals and Financial Advisors
Kirkland & Ellis LLP	Attorneys, Professionals and

	Financial Advisors
KPMG	Attorneys, Professionals and Financial Advisors
Morris, Nichols, Arsht & Tunnell LLP	Attorneys, Professionals and Financial Advisors
Natixis Securities Americas, LLC	Attorneys, Professionals and Financial Advisors
Neal, Gerber & Eisenberg LLP	Attorneys, Professionals and Financial Advisors
Oliver Wyman	Attorneys, Professionals and Financial Advisors
PNC entities	Significant Financial Institutions, Attorneys, Professionals and Financial Advisors
Smith Moore Leatherwood LLP	Attorneys, Professionals and Financial Advisors
SNR Denton	Attorneys, Professionals and Financial Advisors
The Blackstone Group LP	Attorneys, Professionals and Financial Advisors
Thompson Coburn	Attorneys, Professionals and Financial Advisors
UBS Investment Bank	Attorneys, Professionals and Financial Advisors
United Overseas Bank	Significant Financial Institutions
Capitalsource Bank	Significant Equipment Lessors
General Electric Capital Corporation	Significant Equipment Lessors, Top 5 Secured Creditors, Top 50 Unsecured Creditors
Macquarie Corporate and Asset Funding, Inc.	Significant Equipment Lessors
Siemens Financial Services	Significant Equipment Lessors, Top 5 Secured Creditors
Peabody Energy Corp.	Letter of Credit and Surety Bond Providers and Beneficiaries, Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Chubb entities	Letter of Credit and Surety Bond Providers and Beneficiaries, Insurers
Rockwood	Letter of Credit and Surety Bond Providers and Beneficiaries
Travelers Casualty and Surety Company of America	Letter of Credit and Surety Bond Providers and Beneficiaries
Norfolk Southern	Letters of Credit and Surety Bond Providers and Beneficiaries
Internal Revenue Service	Significant Taxing Authorities

ArcLight Capital Partners	Parties to Significant Litigation
Massey Energy Company	Parties to Significant Litigation
Occidental Petroleum Corporation	Parties to Significant Litigation
U.S. Attorney's Office	Parties to Significant Litigation
American Electric Power Co., Inc.	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Blue Cross Blue Shield (Robins Kaplan engagement)	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Constellation Energy Commodities	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
DTE Energy	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Duke Energy entities	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Mercuria Energy Trading, LLC	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Peabody Energy entities	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
ThyssenKrupp CSA Siderurgica	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Trifigura AG	Significant Suppliers, Shippers, Warehousemen, Customers and Vendors
Aon Risk	Insurers
Chartis	Insurers
Hartford	Insurers
HCC	Insurers
Zurich	Insurers
AT&T entities	Utilities
Frontier	Utilities
Republic Services	Utilities
Suddenlink	Utilities
Time Warner Cable	Utilities
Verizon entities	Utilities
Windstream	Utilities
Cadwalader, Wickersham & Taft	Professionals
Cleary Gottlieb Steen & Hamilton LLP	Professionals

Jones Day	Professionals
Kramer Levin Naftalis & Frankel LLP	Professionals
Latham & Watkins LLP	Professionals
Mayer Brown	Professionals
Weil, Gotshal & Manges	Professionals
Willkie Farr & Gallagher	Professionals
Deutsche Bank Securities Inc.	Professionals
ICON Capital Corp.	Notice of Appearance Parties Not Otherwise Listed
Iron Mountain Information Management, Inc.	Notice of Appearance Parties Not Otherwise Listed
Microsoft entities	Notice of Appearance Parties Not Otherwise Listed
Morgan Stanley & Co. LLC	Notice of Appearance Parties Not Otherwise Listed
Oracle America, Inc.	Notice of Appearance Parties Not Otherwise Listed
PBGC (Booz Allen engagement)	Notice of Appearance Parties Not Otherwise Listed
State of Michigan	Notice of Appearance Parties Not Otherwise Listed
Workday, Inc.	Rejection Parties Not Listed
Xerox	Rejection Parties Not Listed