

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION**

**In re:**

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

**Debtors.**

**Chapter 11**

**Case No. 12-51502-659**

**(Jointly Administered)**

Hearing Date: May 20, 2014

Hearing Time: 10:00 a.m. Central

Location: Courtroom 7-N, St. Louis

**REORGANIZED DEBTORS' OBJECTION TO CLAIM  
FILED BY KNAPP OIL CO., INC.**

Patriot Coal Corporation and its affiliates (the "Debtors" or the "Reorganized Debtors"), pursuant to 11 U.S.C. § 502 and Fed. R. Bankr. P. 3007, respectfully file this Objection to Claim Filed by Knapp Oil Co., Inc. (the "Objection"). In support of this Objection, the Reorganized Debtors show the Court as follows:

**Relief Requested**

1. By this Objection, the Reorganized Debtors object to a certain claim listed on Exhibit A attached hereto (the "Claim") because the Reorganized Debtors have no liability on account of the Claim. The Reorganized Debtors request entry of an order, pursuant to Section 502 of the Bankruptcy Code and Fed. R. Bankr. P. 3007, modifying or disallowing the Claim.

2. Any response to this Objection should include, among other things, (i) an appropriate caption, including the title and date of this Objection; (ii) the name of the claimant, both the EDMO and GCG claim numbers of the claim that the Reorganized Debtors are seeking to disallow, and a description of the basis for the amount claimed; (iii) a concise statement

setting forth the reasons why the Court should not sustain this Objection, including, but not limited to, the specific factual and legal bases upon which the claimant relies in opposing this Objection; (iv) copies of any documentation and other evidence which the claimant will rely upon in opposing this Objection at a hearing; and (v) the name, address, telephone number and facsimile number of a person authorized to reconcile, settle or otherwise resolve the claim on the claimant's behalf. A claimant that cannot timely provide such documentation and other evidence should provide a detailed explanation as to why it is not possible to timely provide such documentation and other evidence.

### **Jurisdiction**

3. This Court has jurisdiction over this Objection under 28 U.S.C. § 1334. Venue of this proceeding is proper pursuant to 28 U.S.C. § 1409. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

### **Background**

5. Ninety-nine of the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on July 9, 2012 in the United States Bankruptcy Court for the Southern District of New York (the "Petition Date").

6. On December 19, 2012, these Debtors' cases were transferred to the United States Bankruptcy Court for the Eastern District of Missouri [Dkt. No. 1789].

7. The bar date for filing proofs of claim against these Debtors was December 14, 2012 [Dkt. No. 1388].

8. On March 1, 2013, the Court entered its Order Establishing Procedures for Claims Objections [Dkt. No. 3021].

9. Debtors Brody Mining, LLC and Patriot Ventures LLC filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on September 23, 2013 in this Court. The bar date for filing proofs of claim against these Debtors was October 24, 2013.

10. On December 17, 2013, the Court confirmed (the “Confirmation Order”) the Fourth Amended Joint Plan of Reorganization (the “Plan”) [Dkt. No. 5169]. The Effective Date occurred on December 18, 2013.

### **Objection and Argument**

11. The Reorganized Debtors object to the Claim identified on Exhibit A, incorporated herein by reference. The Claim purports to amend a previously filed claim (E.D. Mo. Claim No. 103-1, GCG Claim No. 97) (the “Original Claim”), to re-assert the \$46,829.18 originally claimed, as well as to identify as a Section 503(b)(9) administrative priority for certain of those amounts.

12. On February 19, 2013, the Debtors and Knapp Oil signed a Settlement and Release Agreement (the “Agreement”) resolving the Original Claim. The Agreement is attached hereto as Exhibit B. Specifically, the Agreement states that “[i]n full and final satisfaction of the Claim,” Knapp Oil was allowed a general unsecured claim as set forth on Exhibit B to the Agreement. Moreover, Knapp Oil acknowledged that the Debtors and their estates would have no further liability to Knapp Oil on account of the Original Claim, and that all other proofs of claim filed by Knapp Oil would be disallowed. *See* Agreement ¶ 1 – 2.

13. To the extent that Knapp Oil argues that previous oral discussions contradict the terms of the Agreement, such arguments must be rejected. The Agreement explicitly provides that it “represents the final agreement between the Parties with respect to the subject matter contained [therein] and *may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements between the Parties.*” Agreement ¶ 16 (emphasis added).

14. Under applicable New York law (*see* Agreement ¶ 12), it is well-settled that “when parties set down their agreement in a clear, complete document, their writing should as a rule be enforced according to its terms. Evidence outside the four corners of the document as to what was really intended but unstated or misstated is generally inadmissible to add to or vary the writing.” *W.W.W. Assocs. v. Giancontieri*, 566 N.E.2d 639, 642 (N.Y. 1990). The effect of Paragraph 16 “is to require full application of the parol evidence rule in order to bar the introduction of extrinsic evidence to vary or contradict the terms of the writing.” *Primex Intern. Corp. v Wal-Mart Stores, Inc.*, 679 N.E.2d 624, 627 (N.Y. 1997).

15. In addition, the New York Court of Appeals has concluded that extrinsic evidence should not be considered in order to create an ambiguity in the Agreement. *Giancontieri*, 566 N.E.2d at 642. “Extrinsic and parol evidence is not admissible to create an ambiguity in a written agreement which is complete and clear and unambiguous on its face.” *Id.* Here, the Agreement contains no ambiguity regarding the treatment of the Original Claim, and Knapp Oil should be bound by its contractual Agreement.

16. Pursuant to the terms of the Agreement, the Original Claim was settled. The Reorganized Debtors and their bankruptcy estates have no liability on account of the Claim, which involves the same invoices as the Original Claim, and the newly filed Claim should be disallowed, without prejudice to the treatment of the Original Claim under the Agreement.

17. Furthermore, the deadline for filing administrative priority claims under Section 503(b)(9) has long since passed. Such claims were required to be asserted by December 14, 2012, the general claims bar date. *See* Order Approving Procedures for the Assertion, Resolution and Treatment of Reclamation Claim and Claims Asserted Pursuant to 11 U.S.C. § 503(b)(9) [Dkt. No. 261]. Knapp Oil's Claim filed on March 28, 2014 asserts for the first time that any portion of the Claim is entitled to administrative priority.

WHEREFORE, the Reorganized Debtors respectfully request that this Court:

- (a) disallow the Claim, as described above, without prejudice to the treatment of the Original Claim under the Agreement; and
- (b) grant such other and further relief as is just and proper.

Dated: April 18, 2014  
St. Louis, Missouri

Respectfully submitted,  
BRYAN CAVE LLP

/s/ Laura Uberti Hughes  
Lloyd A. Palans, #22650MO  
Brian C. Walsh, #58091MO  
Laura Uberti Hughes, #60732MO  
One Metropolitan Square  
211 N. Broadway, Suite 3600  
St. Louis, Missouri 63102  
(314) 259-2000  
Fax: (314) 259-2020

*Local Counsel to the Reorganized Debtors*

-and-

DAVIS POLK & WARDWELL LLP  
Marshall S. Huebner  
Damian S. Schaible  
Brian M. Resnick  
Michelle M. McGreal  
450 Lexington Avenue  
New York, New York 10017  
(212) 450-4000  
Fax: (212) 607-7983

*Counsel to the Reorganized Debtors*

## Exhibit A

**Objection to Claim**

**Patriot Coal Corporation  
 12-51502 (KSS)**

Note: Claims on the exhibit are sorted in alphabetical order based on the creditor name as listed on proof of claim form.

SEQ NO.	CLAIM(S) TO BE DISALLOWED			
	NAME	GCG CLAIM NO.	ED MO CLAIM NO.	CLAIM AMOUNT
1	KNAPP OIL PO BOX 215 XENIA, IL 62899  Date Filed: 03/28/14 ED MO Date Filed: 04/09/14 Debtor: PATRIOT COAL CORPORATION	4251	103-2	Admin: \$23,583.52 503(b)(9): \$23,583.52*† Unsecured: \$23,245.66

\* Denotes an unliquidated component.

†Any 503(b)(9) amount is included in the Admin amount as a subset.

**SETTLEMENT AND RELEASE AGREEMENT**

This Settlement and Release Agreement (the "Agreement"), entered into as of February 19, 2013 (the "Effective Date"), is by and between KNAPP OIL (the "Claimant"), the Asserted Debtor (as set forth in Exhibit A attached hereto), and the Settled Debtor(s) (as set forth in Exhibit B attached hereto). The Claimant, the Asserted Debtor(s), and the Settled Debtor(s) are referred to herein as a "Party" and collectively as the "Parties."

**I. RECITALS**

WHEREAS, on July 9, 2012 (the "Petition Date"), Patriot Coal Corporation ("Patriot") and certain of its affiliates (collectively, the "Debtors"), including the Asserted Debtor(s) and the Settled Debtor(s), filed voluntary petitions for relief (the "Chapter 11 Cases") pursuant to title 11 of the United States Code (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Southern District of New York (the "SDNY Bankruptcy Court"). On December 19, 2012, the SDNY Bankruptcy Court entered an order transferring the Debtors' Chapter 11 Cases to the Bankruptcy Court for the Eastern District of Missouri (the "Bankruptcy Court"). The Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

WHEREAS, the Claimant allegedly has certain claims against the Debtors (the "Claim") and has filed the proof of claim against the Asserted Debtor as listed in Exhibit A attached hereto (the "Proof of Claim").

WHEREAS, on February 13, 2013, the Bankruptcy Court entered the Order Authorizing and Approving Procedures For Compromise and Settlement of Certain Claims, Litigations and Causes Of Action Docket No. 2821 (the "Claims Settlement Procedures Order"). The Debtors are authorized to enter into this Agreement pursuant to the Claims Settlement Procedures Order.

WHEREAS, the Asserted Debtor, the Settled Debtor and the Claimant now desire to resolve the issues raised in the Claim pursuant to the terms of the Claims Settlement Procedures Order and the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the representations, acknowledgments, promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, each Party, by and through its representative, hereby voluntarily, intentionally, and upon the advice and guidance of counsel, executes this Agreement and agrees as follows:

**II. SETTLEMENT TERMS**

1. Allowed Claims. In full and final satisfaction of the Claim, the Parties agree that the Claimant is allowed certain claims (the "Allowed Claim") against the Settled Debtor(s) entity or entities and in the amount(s) and classification set forth in Exhibit B attached hereto. It is expressly understood by the Parties that the Claimant may seek satisfaction of the Claim only as set forth herein, and that in no event will the Debtors, their estates or any persons who are employed or otherwise associated with the Debtors be liable to the Claimant in any other way whatsoever with respect to the Claim or the debt, obligation, liability, account, suit, damages or cause of action giving rise to the Claim.

2. Disallowed Claims. All Proofs of Claim filed by the Claimant, except to the extent allowed as the Allowed Claim(s) as set forth in Exhibit B attached hereto, are disallowed and expunged from the Debtors' claims register.

3. Effectiveness. This Agreement is authorized by the Claims Settlement Procedures Order and each of the Parties shall execute and deliver any and all additional papers, documents and other assurances, and

shall do any and all acts and things reasonably necessary or appropriate in conjunction with the performance of their respective obligations hereunder. Notice of this Agreement, if any, shall be provided as required by the Claims Settlement Procedures Order. Subject to the procedures set forth in the Claims Settlement Procedures Order, the terms and conditions of this Agreement shall be immediately effective and enforceable.

4. Scope of Agreement and Release. This Agreement resolves all claims and demands asserted against the Asserted Debtor(s) and the Settled Debtor(s) by the Claimant, including, without limitation, those asserted in the Proof of Claim. Except as expressly agreed herein, the Claimant, on behalf of itself, its heirs, representatives and assigns, does hereby fully, finally and forever waive, release and/or discharge the Debtors, their estates and any heirs, successors, assigns, affiliates, officers, directors, shareholders, associates, parents, subsidiaries, predecessors, successors, employees, attorneys and agents from the Claim (whether prepetition unsecured, priority, administrative or postpetition/administrative) and from all actions, causes of action, suits, debts, obligations, liabilities, accounts, damages, defenses or demands whatsoever, known or unknown, giving rise to or otherwise relating to the Claim. The Claimant agrees to terminate any UCC-1 financing statements filed in connection with the Claim promptly after the effectiveness of this Agreement.

5. Entire Agreement and Confidentiality. This Agreement is the entire agreement between the Parties in respect of the subject matter hereof and shall not be modified, altered, amended, or vacated without the prior written consent of all Parties hereto. Neither this Agreement, nor any statement made or action taken in connection with the negotiation of this Agreement, shall be offered or received in evidence or in any way referred to in any legal action or administrative proceeding among or between the Parties hereto, other than as may be necessary (a) to obtain approval of and to enforce this Agreement or (b) to seek damages or injunctive relief in connection therewith. The Parties shall maintain the confidentiality of this Agreement except to the extent necessary to enforce this Agreement or to comply with the Settlement Procedures Order.

6. Bankruptcy Court Jurisdiction. The United States Bankruptcy Court for the Eastern District of Missouri shall retain jurisdiction (and the parties consent to such retention of jurisdiction) with respect to any disputes arising from or other actions to interpret, administer or enforce the terms and provisions of this Agreement. Any motion or application brought before the Bankruptcy Court to resolve a dispute arising from or related to this Agreement shall be brought on proper notice and in accordance with relevant Federal Rules of Bankruptcy Procedure and local rules of the Bankruptcy Court.

7. Representation and Warranties. Each Party specifically warrants and represents to the other Party that it has full authority to act for and to enter into this Agreement, which Agreement constitutes a legal, valid and binding obligation of such Party. The Claimant specifically warrants and represents to the Debtors that: (a) prior to the execution of this Agreement, it has not in any capacity assigned, pledged, or otherwise sold or transferred, either by instrument or otherwise, to any person or entity, all or any portion of the Claim; (b) the Claim is owned by the Claimant and is completely free of any encumbrances; and (c) subject to this Agreement becoming effective, it will not assert, jointly or severally, against any of the Debtors any of the Claim. Each of the Parties specifically warrants and represents that it has been fully informed of its terms, contents, conditions, and effects regarding the same, that it has had a full and complete opportunity to discuss this Agreement, including the settlement and the release, with its attorney or attorneys, that it is not relying in any respect on any statement or representation made by the other Party, and that no promise or representation of any kind has been made to such Party separate and apart from what is expressly contained in this Agreement.

8. No Admissions. The Parties agree that this is a compromise and settlement of disputed claims and causes of action, and nothing contained herein shall be construed as an admission of liability or damages by, on behalf of or against any of the Parties.

9. Further Assurances. Should any additional instruments be necessary or desirable to accomplish the purpose(s) of this Agreement or to establish the rights or discharge the obligations of either Party hereto, such additional instruments will be promptly executed and delivered upon the request of the other Party.

10. Construction of Agreement. This Agreement shall not be construed in favor of or against any Party on the basis that the Party did or did not authorize this Agreement or any attachment related to it.

11. Survival of Representations. The representations set forth herein shall survive the completion of all actions contemplated herein. Other provisions hereof which require action after execution hereof shall survive the execution hereof.

12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

13. Headings. The headings in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

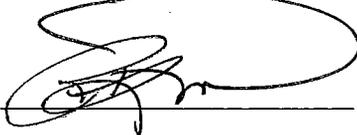
14. Expenses. Each Party shall be solely responsible for the attorney's fees, costs and expenses, if any, incurred by that Party in connection with the Claim, the Proof of Claim, or this Agreement, as applicable.

15. Materiality. The statements, representations, and acknowledgments in this Agreement are not mere recitations; rather, they are understood and relied upon as part of this Agreement by the Parties and are material hereto.

16. No Oral Agreements. This Agreement represents the final agreement between the Parties with respect to the subject matter contained herein and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements between the Parties.

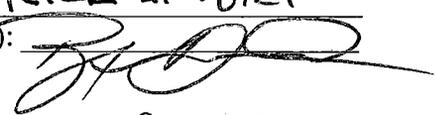
17. Counterparts. This Agreement may be signed in any number of counterparts and each counterpart shall represent a fully executed original as if signed by both Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives effective as of the Effective Date.

By: 

Robert L. Mead  
Patriot Coal Corporation  
12312 Olive Boulevard  
St. Louis, MO 63141

Representative for the Debtors and Debtors in Possession

By (Print): Rick L. Fortz  
By (Signature): 

KNAPP OIL  
Telephone: 618-678-2211  
Fax: 618-678-3371

Representative for Claimant

**Exhibit A**  
**Summary of Scheduled Claims and Filed Proofs of Claim**

Creditor ID	Claim #	Claimant	Claim Type	Debtor Entity	Asserted or Scheduled Amounts				Total
					Secured	Administrative	Priority	Unsecured	
1006530	1041976	KNAPP OIL	Scheduled	DODGE HILL MINING COMPANY, LLC	\$0.00	\$0.00	\$0.00	\$47,006.50	\$47,006.50
1006530	97	KNAPP OIL	Filed	PATRIOT COAL CORPORATION	\$0.00	\$0.00	\$0.00	\$46,829.18	\$46,829.18

1006530

**Exhibit B  
Summary of Allowed Scheduled Claims and Filed Proofs of Claim**

Creditor ID	Claim #	Claimant	Claim Type	Debtor Entity	Allowed Amounts				Total
					Secured	Administrative	Priority	Unsecured	
1006530	97	KNAPP OIL	Filed	DODGE HILL MINING COMPANY, LLC	\$0.00	\$0.00	\$0.00	\$46,829.18	\$46,829.18

1006530