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*Counsel to Wilmington Trust
Company, as Indenture Trustee
for 8.25% Senior Notes Due 2018*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	: Chapter 11
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PATRIOT COAL CORPORATION, <i>et al.</i> ,	: Case No. 12-12900 (SCC)
	:
Debtors.	: (Jointly Administered)
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**RESPONSE OF WILMINGTON TRUST COMPANY, AS INDENTURE TRUSTEE,
WITH RESPECT TO THE MOTION OF CERTAIN DEBTORS
FOR ENTRY OF AN ORDER PURSUANT TO 11 U.S.C. § 362(d)
AUTHORIZING LIMITED RELIEF FROM THE AUTOMATIC STAY**

TO: THE HONORABLE SHELLEY C. CHAPMAN,
UNITED STATES BANKRUPTCY JUDGE

Wilmington Trust Company (“Wilmington”), the largest unsecured creditor in these cases, in its capacity as indenture trustee for \$250 million principal amount of 8.25% Senior Notes due 2018 (the “Senior Notes”) issued by Patriot Coal Corporation (“Patriot Coal”) and guaranteed by each of the other above-captioned debtors (together with Patriot Coal, the “Debtors”),¹ by its undersigned counsel, respectfully submits this statement and response (the

¹ In addition to Patriot Coal Corporation, the Debtors are as follows: (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)

“Response”) with respect to the Motion by Certain Debtors for Entry of an Order Pursuant to 11 U.S.C. § 362(d) Authorizing Limited Relief from the Automatic Stay [Docket No. 824] (the “Motion”).

BRIEF FACTUAL BACKGROUND

1. Prior to Petition Date, Patriot Coal and three of its subsidiaries (i) Hobet Mining LLC (“Hobet”); (ii) Apogee Coal Company, LLC (“Apogee”); and (iii) Catenary Coal Company, LLC (“Catenary” and together with Hobet and Apogee, collectively referred to herein as the “Selenium Debtors”) were named as defendants in three separate litigations (collectively, the “Environmental Proceedings”) brought by certain non-governmental environmental organizations including, among others, the Ohio Valley Environmental Coalition, Inc., the Sierra Club and the West Virginia Highlands Conservancy, Inc. (collectively, the “Plaintiffs”)

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, LLC; (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, LP; (67) Patriot Coal Sales LLC; (68) Patriot Coal Services LLC; (69) Patriot Leasing Company LLC; (70) Patriot Midwest Holdings, LLC; (71) Patriot Reserve Holdings, LLC; (72) Patriot Trading LLC; (73) PCX Enterprises, Inc.; (74) Pine Ridge Coal Company, LLC; (75) Pond Creek Land Resources, LLC; (76) Pond Fork Processing LLC; (77) Remington Holdings LLC; (78) Remington II LLC; (79) Remington LLC; (80) Rivers Edge Mining, Inc.; (81) Robin Land Company, LLC; (82) Sentry Mining, LLC; (83) Snowberry Land Company; (84) Speed Mining LLC; (85) Sterling Smokeless Coal Company, LLC; (86) TC Sales Company, LLC; (87) The Presidents Energy Company LLC; (88) Thunderhill Coal LLC; (89) Trout Coal Holdings, LLC; (90) Union County Coal Co., LLC; (91) Viper LLC; (92) Weatherby Processing LLC; (93) Wildcat Energy LLC; (94) Wildcat, LLC; (95) Will Scarlet Properties LLC; (96) Winchester LLC; (97) Winifrede Dock Limited Liability Company; and (98) Yankeetown Dock, LLC. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

regarding the Selenium Debtors' compliance with selenium limits pursuant to permits issued to the Selenium Debtors in relation to their large-scale surface mining activities. As a result of the Debtors' chapter 11 filings (the "Bankruptcy Cases"), section 362 of the Bankruptcy Code automatically stayed the Environmental Proceedings.

2. The Environmental Proceedings gave rise to certain Prepetition Orders² issued by the United States District Court for the Southern District of West Virginia ("SDWV District Court") that subjects the Selenium Debtors (either collectively or individually) to a compliance schedule by which the Selenium Debtors (i.e., Hobet, Apogee and Catenary) must reduce selenium effluence levels to meet permit requirements.³ The Prepetition Orders require considerable short term expenditures - - \$29 million prior to the end of 2013 - - while also requiring significant reserves to be held for the Selenium Debtors' water treatment.

3. While the SDWV District Court has previously authorized short extensions of the compliance deadlines to allow the Selenium Debtors to continue settlement discussions with the Plaintiffs, Plaintiffs recognize that the automatic stay applies to the Environmental Proceedings and the Prepetition Orders. Accordingly, the Selenium Debtors and Patriot Coal have, by the Motion, requested a limited modification of the stay.

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion. The Prepetition Orders consist of: (i) the Hobet 22 Order (September and October 2010) and (ii) the Consent Decree from 2012.

³ Patriot Coal was named as a defendant in the 2011 litigation that led to the Consent Decree from 2012. While the complaint alleges Patriot Coal is somehow liable with the other Selenium Debtors named in the litigation, no discharge permit was ever issued to Patriot Coal and there is no legitimate basis for Patriot Coal to have any liability for these alleged environmental claims. Accordingly, the Debtors have, among other things, denied allegations that Patriot Coal has liability for these matters.

RESPONSE TO MOTION

4. Wilmington does not oppose, and indeed supports, the Selenium Debtors and Patriot Coal's very limited and tailored request for a modification of the automatic stay solely for the purpose of seeking an extension of deadlines in the SDWV District Court where the Plaintiffs' Environmental Proceedings are pending. To the extent that the SDWV District Court grants the request to extend deadlines under the Prepetition Orders, the Debtors and their creditors need not immediately address disputed issues concerning the treatment of environmental claims in these chapter 11 cases. As a consequence, all of such rights are reserved.

5. Wilmington is, however, particularly sensitive to the significant potential liabilities that may stem from the Environmental Proceedings, particularly to the extent it is alleged that entities other than the Selenium Debtors - - Hobet, Apogee and Catenary - - have any potential liability therefor. The Debtors reported, on a consolidated basis, more than \$487 million in such alleged liabilities on their Form 10-Q for the period ending June 30, 2012. As such, Wilmington is particularly concerned that nothing in the Motion could be construed an admission of any liability by Patriot Coal or any other Debtors for such alleged environmental claims. These environmental matters and claims, which Wilmington views as specific to the Selenium Debtors, will be addressed at the appropriate time in the Debtors' reorganization cases.

6. Wilmington shares the Debtors' concerns with the current timeframes established by the Prepetition Orders and thus supports the requested limited modification of the stay. The Debtors have limited resources to stabilize their operations, effectively deal with their labor and legacy obligations, and ultimately move towards an effective reorganization. In the event, however, that the SDWV District Court were not to extend the deadlines under the Prepetition Orders, the automatic stay should remain in effect to permit Wilmington and other principal

parties in interest to ensure that Patriot Coal and the Debtors (other than the Selenium Debtors) are not affected by these alleged environmental claims.

7. For the foregoing reasons, subject to Wilmington's concerns discussed above, Wilmington supports the Debtors' Motion for a limited modification of the automatic stay as described therein.

Dated: October 5, 2012
New York, New York

ANDREWS KURTH LLP

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