

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

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-12900 (SCC)

(Jointly Administered)

**ORDER APPROVING THE EXECUTION OF
CERTAIN AGREEMENTS WITH ARCH**

Upon the motion (the “**Motion**”)² of Patriot Coal Corporation (“**Patriot**”) and its subsidiaries that are debtors and debtors in possession (collectively, the “**Debtors**”), pursuant to sections 363(b) and 365(a) of the Bankruptcy Code, Bankruptcy Rules 6006 and 9014, Local Rule 6006-1, and the Rejection Procedures Order, seeking approval of the Agreements, including (i) authorizing the execution of the Agreements, the termination of the Terminated Agreements, and the rejection of the Rejected Agreements, and (ii) declaring the absence of obligations by the Debtors under the Third Party Contracts, as more fully set forth in the Motion; 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 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

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.

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 in accordance with the Case Management Order, 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 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 363(b) and 365(a) of the Bankruptcy Code, Bankruptcy Rule 6006, Local Rule 6006-1, and the Rejection Procedures Order, the relief requested in the Motion and the Rejection Motion is hereby granted to the extent set forth herein; and it is further

ORDERED that the execution of the Agreement between Patriot and Magnum and Arch is hereby approved; and it is further

ORDERED that the execution of the Surety Agreement between Patriot and Magnum and Arch is hereby approved; and it is further

ORDERED that the termination of Terminated Agreements³ is hereby approved; and it is further

³ For the avoidance of doubt, the term “Terminated Agreements” shall mean: (i) the surety agreement executed on March 27, 2008 by and between Arch Coal and Magnum, as amended by Amended No. 1, dated as of February 5, 2009 and Amendment No. 2, dated as of April 1, 2011, (ii) the guarantee, dated July 23, 2008 by Patriot in favor of Arch Coal and (iii) the guarantee, dated as of April 1, 2011 by Patriot in favor of Arch Coal.

ORDERED that none of the Parties or their affiliates shall have any claims with respect to any past or current breach of the Terminated Agreements; and it is further

ORDERED that, pursuant to section 365(a) of the Bankruptcy Code, Bankruptcy Rule 6006, Local Rule 6006-1, and the Rejection Procedures Order, the Debtors' rejection of the Rejected Agreements as of September 20, 2012 (the "**Effective Date**"), is hereby approved and shall be effective as of the Effective Date; and it is further

ORDERED that the rejection of the Rejected Agreements shall not be deemed a default by the Debtors under any other agreement; and it is further

ORDERED that claims arising out of any rejections effected pursuant to this Order must timely be filed against the applicable Debtor(s) and in accordance with any order pursuant to Bankruptcy Rule 3003(c) establishing a deadline by which claims arising before the Petition Date must be filed (the "**Bar Date**"), on or before the later of (i) the Bar Date and (ii) 30 days after the date hereof, and that absent a timely filing, such claim will be irrevocably barred; and it is further

ORDERED that notice of the Motion and the relief requested herein satisfy Bankruptcy Rule 6006 and Local Bankruptcy Rule 6006-1 and the Rejection Procedures Order; 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 the Counterparties with notice and an opportunity to object and be heard at a hearing; and is further

ORDERED that, without further order of this Court, the Counterparties to the Rejected Agreements are prohibited from setting off or otherwise utilizing any monies deposited by the Debtors with such Counterparty as a security deposit or pursuant to another

similar arrangement; provided, however, that nothing herein shall affect any otherwise valid right of any party, as allowed under applicable law, including the Bankruptcy Code, to draw down on any letter of credit or surety bond securing claims against the Debtors; and it is further

ORDERED that the Debtors shall be authorized to execute and deliver all instruments and documents, and take such other actions as may be necessary or appropriate to implement and effectuate this Order; and it is further

ORDERED that, except with respect to the Rejected Agreements and as set forth herein, nothing in this Order shall affect the Debtors' rights to assume or reject other agreements among the Debtors and the Counterparties or their affiliates, including the Purchase and Sale Agreement; and it is further

ORDERED that (i) none of the Debtors is a party to the April 8, 2003 coal supply agreement between Cardinal Operating Company and Arch Sales (the "**Cardinal CSA**"), (ii) none of the Debtors has any obligations under or with respect to the Cardinal CSA, and (iii) Cardinal is not a creditor of any of the Debtors with respect to the Cardinal CSA;⁴ and it is further

ORDERED that the failure to specifically describe or include any particular provision of the Agreements in the Motion or this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Debtors are authorized to enter into the Agreements in their entirety; and it is further

⁴ For the avoidance of doubt, nothing herein shall be construed to prejudice Arch Coal's or its affiliates' rights to file rejection damages claims, subject to any defenses thereto, in connection with the Rejected Agreements.

ORDERED that neither the entry of this Order nor any statement contained in the Agreements or in the Motion nor any Debtor's or other party in interest's consent to the Motion, is intended to be, and none should be construed as, a waiver or compromise of any rights, other than as expressly set forth herein or in the Agreements; and that, to the contrary, all parties in interest, including, without limitation, the Parties, expressly reserve all of their other respective rights, and preserve all of their other respective claims, against one another, including, without limitation, (i) any right, claim or defense that any party in interest, including any Party, has or may have in connection with the above-captioned chapter 11 case, including but not limited to any causes of action under chapter 5 of the Bankruptcy Code or related claims and any defenses thereto including, without limitation, in connection with the Rejected Agreements, the Purchase and Sale Agreement or any other agreement between the Parties, and (ii) any rights, claims or defenses that any party in interest, including the Parties, may have with respect to or under other contracts or agreements between Arch or any of its affiliates and any of the Debtors, including but not limited to any and all rights, claims or defenses with respect to or under the Purchase and Sale Agreement, the Rejected Agreements or any other agreement between the Parties; and it is further

ORDERED that nothing herein, in the Agreements, or in the Motion or any Debtor's or other party in interest's consent to the Motion, shall be, and none should be construed as, a waiver or compromise of any right, claim or defense that any party in interest, including any Party, has or may have under any environmental law, including without limitation against Arch Coal, Patriot or any of their respective affiliates; and it is further

ORDERED that, notwithstanding the possible applicability of any Bankruptcy Rule that might otherwise delay the effectiveness of this Order, including, but not limited to,

Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that this Court retains jurisdiction to hear and determine all matters arising from or related to the implementation and/or interpretation of this Order.

Dated: December 18, 2012
New York, New York

/s/ Shelley C. Chapman
HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE