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U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI

Opinion

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Bankruptcy Case # 12-51502
EDITORIALS

Patriot Coal puzzle

THOUSANDS of aging West Virginia coal miner families may lose their pensions and health insurance, depending upon the outcome of a bankruptcy in St. Louis.

If a judge lets Patriot Coal elude legal obligations to 22,000 West Virginians and Kentuckians, enormous hardship will afflict those families. Worse, such a ruling could cause other coal corporations likewise to shed retiree responsibilities.

The problem is so grim that the United Mine Workers union threatens mass protests, civil disobedience and a possible strike against Patriot. Here's the background:

Giant Peabody Energy formed Patriot in 2007 and transferred union mines into it. This made Patriot liable for \$617 million in retiree medical expense, plus other costs. Likewise, Arch Coal also transferred some union mines and \$500 million obligations to Magnum Coal. In 2008, Magnum was absorbed into Patriot. Thus Patriot wound up owing more than \$1 billion pension and health liabilities.

Abruptly, Patriot filed bankruptcy, saying it cannot afford all the costs it voluntarily accepted. It asked to be freed from the retirement and health debts. This step jeopardizes 2,000 current miners in West Virginia and Kentucky, plus about 10,000 retirees and 10,000 dependents.

The UMW protested that Patriot is a false front, "a company created to fail. ... A

house of cards purposely created by Peabody and Arch in an attempt to get out of their responsibilities to their retired and active UMW workers."

The Patriot bankruptcy was filed far away in New York City, and the bankruptcy court was flooded by superstorm Sandy. The UMW fought to move the case to Charleston, near the victims involved. Instead, it was transferred to St. Louis, home base of Patriot Coal.

Oddly, West Virginia and Kentucky political leaders haven't sprung to the defense of the 22,000 mining folks whose survival is at stake.

The federal Coal Act of 1992 requires mining corporations to provide lifetime benefits to old union miners. In a lawsuit, the UMW claims that Peabody and Arch cannot evade this law by setting up stooge firms that accept liabilities then go bankrupt.


UMW President Cecil Roberts told a reporter in Morgantown:

"You talk about a well-conceived plan to shed themselves of promises and commitments that they had made over 60 years. ... I have never been in a situation like this, where every single liability that a company had ever committed to in any kind of negotiations with the union in the past 60 years now somehow gets handed to a spin-off company."

"West Virginia has plenty at stake in the St. Louis bankruptcy. If 22,000 coalfield people are cast into desperation, it will be a painful blow.

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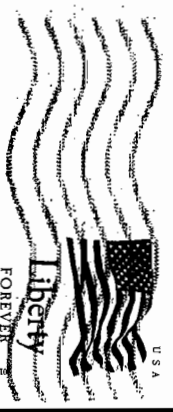
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The Honorable Kathy A. Surrah - States

RE: Case No. 12-51502

Thomas F. Eagleton US Courthouse

111 South 10th Street, 4th Floor

St Louis, Mo. 63102

