

Objection Deadline: July 26, 2012 at 4:00 p.m. (prevailing Eastern Time)
Hearing Date (if necessary): August 2, 2012 at 2:00 p.m. (prevailing Eastern Time)

**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)

**APPLICATION OF DEBTORS FOR AUTHORITY TO EMPLOY
AND RETAIN GCG, INC. AS ADMINISTRATIVE AGENT
NUNC PRO TUNC TO THE PETITION DATE**

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

Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”) respectfully represent:

Relief Requested

1. By this application (the “**Section 327 Application**”), the Debtors seek an order in the form attached hereto as Exhibit A authorizing and approving the employment and retention of GCG, Inc. (“**GCG**”) as administrative agent for the Debtors in these chapter 11 cases (collectively, the “**Chapter 11 Cases**”) *nunc pro tunc* to the Petition Date (as defined below) pursuant to the engagement agreement (the “**Engagement Agreement**”) attached hereto as Exhibit B and incorporated by reference herein.

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.

2. The predicates for the relief requested herein are section 327(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Local Bankruptcy Rule 2014-1.

3. In support of this Section 327 Application, the Debtors submit the Declaration of Angela Ferrante, Vice President of GCG (the “**Ferrante Declaration**”), which is attached hereto as Exhibit C.

4. On July 11, 2012, this Court entered an order appointing GCG as claims and noticing agent, *nunc pro tunc* to the Petition Date, pursuant to 28 U.S.C. § 156(c) [ECF No. 45] (the “**Section 156(c) Order**”). Given that the administration of the Chapter 11 Cases will require GCG to perform duties outside the scope of the Section 156 Order, the Debtors submit this Section 327 Application.

Background

5. On July 9, 2012 (the “**Petition Date**”), each of the Debtors filed a voluntary petition in this Court for relief under the Bankruptcy Code. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Chapter 11 Cases.

6. 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, Patriot Coal Corporation’s Senior Vice President and Chief Financial Officer, dated July 9, 2012 [ECF No. 4], which is incorporated herein by reference.

Jurisdiction

7. The Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue is proper in this District under 28 U.S.C. §§ 1408 and 1409.

GCG's Qualifications

8. As a specialist in claims management and legal administration services, GCG provides comprehensive administrative solutions for chapter 11 cases. GCG is one of the country's leading chapter 11 administrators, with substantial experience in matters of all sizes and levels of complexity, including several large bankruptcy cases pending in both this District and other districts, such as: *In re Arcapita Bank B.S.C.(c), et al.*, case no. 12-11076 (SHL) (Bankr. S.D.N.Y. Mar. 19, 2012); *In re Ener1, Inc.*, case no. 12-10299 (MG) (Bankr. S.D.N.Y. Jan. 26, 2012); *In re AMR Corporation, et al.*, case no. 11-15463 (SHL) (Bankr. S.D.N.Y. Nov. 29, 2011); *In re General Maritime Corporation, et al.*, case no. 11-15285 (MG) (Bankr. S.D.N.Y. Nov. 17, 2011); *In re Borders Group, Inc., et al.*, case no. 11-10614 (MG) (Bankr. S.D.N.Y. Feb. 16, 2011); *In re SP Newsprint Holdings LLC, et al.*, case no. 11-13649 (CSS) (Bankr. D. Del. Nov. 15, 2011); *In re Security National Properties Funding III, LLC, et al.*, case no. 11-13277 (KG) (Bankr. D. Del Oct. 13, 2011); *In re Dallas Stars, L.P., et al.*, case no. 11-12935 (PJW) (Bankr. D. Del. September 19, 2011). Based on GCG's experience, the Debtors believe that GCG is well-qualified to serve as the administrative agent in the Chapter 11 Cases.

Services to be Provided

9. Pursuant to the Engagement Agreement, and to the extent requested by the Debtors, GCG has agreed to perform, among other things, the following services as administrative agent in the Chapter 11 Cases:

- (a) Assisting with the preparation and filing of the Debtors' schedules of assets and liabilities and statements of financial affairs;
- (b) Generating and providing claim reports and claim objection exhibits, as requested by the Debtors and their professionals;
- (c) Managing the preparation, compilation and mailing of documents to creditors and other parties in interest in connection with the solicitation of a chapter 11 plan (a "**Plan**");
- (d) Managing the publication of legal notices, as requested;
- (e) Collecting and tabulating votes in connection with any Plan filed by the Debtors and providing ballot reports to the Debtors and their professionals;
- (f) Generating an official ballot certification and testifying, if necessary, in support of the ballot tabulation results; and
- (g) Managing any distributions made pursuant to a confirmed Plan.

10. GCG's appointment as administrative agent in the Chapter 11 Cases will provide the Debtors with experienced professionals and services that are essential to a successful reorganization. GCG will coordinate with the Debtors' other retained professionals in the Chapter 11 Cases to avoid any unnecessary duplication of services. Accordingly, the relief requested in this Section 327 Application is in the best interests of the Debtors' estates and all parties in interest.

Compensation

11. The Debtors solicited, received and reviewed rates from other firms and submit that GCG's rates are competitive with respect to the rates charged by GCG's competitors for the performance of similar services. Indeed, the Debtors conducted a review and competitive comparison of two other firms and reviewed the rates of two other firms prior to selecting GCG as administrative agent in the Chapter 11 Cases. As such, the Debtors believe that GCG's rates are reasonable given GCG's extensive bankruptcy experience, expertise and high quality of service.

12. Notwithstanding any terms in the Engagement Agreement to the contrary, GCG has received a \$500,000.00 retainer from the Debtors, and, as referenced in the Section 156(c) Order, GCG will apply such retainer first, against all prepetition fees and expenses, and then, against the first bill rendered by GCG to the Debtors for postpetition fees and expenses incurred by the Debtors with respect to the Chapter 11 Cases.

13. The Debtors propose to compensate GCG on substantially the terms and conditions set forth in the Engagement Agreement. To the extent that GCG's duties exceed the scope of the Section 156(c) Order, GCG intends to apply to the Court for allowances of compensation and reimbursement of out-of-pocket expenses incurred after the Petition Date in accordance with the Standing Order M-412 Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals, dated December 21, 2010, the Amended Guidelines M-389 for Fees and Disbursements for Professionals in the Southern District of New York, dated November 25, 2009, the U.S. Trustee Fee Guidelines, sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and any further orders of the Court (collectively, the "**Fee Guidelines**").

14. GCG will keep reasonably detailed time records in 1/10th of an hour increments and will submit, with any interim or final fee application, together with the time records, a narrative summary, by project category, of services rendered and will identify each professional rendering services, the category of services rendered and the amount of compensation requested.

GCG's Disinterestedness

15. To the best of the Debtors' knowledge, and except as disclosed herein and in the Ferrante Declaration, GCG (i) is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, (ii) does not hold or represent an interest adverse to the Debtors' estates

in connection with any matter on which GCG will be employed, and (iii) neither GCG nor any of its employees has any connection with the Debtors, their creditors, the U.S. Trustee or any other party in interest in the Chapter 11 Cases.

16. Prior to the Petition Date, GCG performed certain professional services for the Debtors in accordance with the Engagement Agreement. The Debtors do not owe GCG any amount for services performed or expenses incurred prior to the Petition Date.

17. In connection with its appointment as administrative agent in the Chapter 11 Cases, GCG represents, among other things, that it will not employ any past or present employees of the Debtors in connection with its work as the administrative agent in the Chapter 11 Cases.

18. GCG will conduct ongoing reviews of its files to ensure that no conflict or other disqualifying circumstances exist or arise. If any new facts or circumstances are discovered that would require disclosure, GCG will supplement its disclosure to the Court.

19. To the extent there is any inconsistency between this Section 327 Application, the Engagement Agreement and any Court order approving this Section 327 Application (the “**Section 327 Order**”), the Section 327 Order shall govern.

Basis for Relief

20. Section 327(a) of the Bankruptcy Code provides that a debtor, subject to Court approval:

[M]ay employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [debtor] in carrying out the [debtor]’s duties under this title.

11 U.S.C. § 327(a).

21. Bankruptcy Rule 2014(a) requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. P. 2014(a).

22. In light of the size and complexity of the Chapter 11 Cases, the Debtors respectfully submit that GCG's retention and employment pursuant to the terms of the Engagement Agreement are both necessary and in the best interest of the Debtors' estates and all parties in interest to the Chapter 11 Cases. The Debtors also believe that the terms and conditions of the Engagement Agreement are reasonable in light of the more than 10,000 anticipated creditors, equity security holders and other parties in interest that will be involved in the Chapter 11 Cases.

Notice

23. No trustee, examiner or creditors' committee has been appointed in the Chapter 11 Cases. Consistent with the procedures described in the Order Establishing Certain Notice, Case Management and Administrative Procedures entered by the Court on July 16, 2012 [ECF No. 84] (the "**Case Management Order**"), the Debtors will serve notice of this Section 327 Application on (a) the Core Parties and (b) the Non-ECF Service Parties (as those terms are defined in the Case Management Order). All parties who have requested electronic notice of filings in the Chapter 11 Cases through the Court's ECF system will automatically receive notice of this Section 327 Application through the ECF system no later than the day after its filing with the Court. A copy of this Section 327 Application and any order approving it will also be made available on the Debtors' case information website (located at www.PatriotCaseInfo.com). In light of the relief requested, the Debtors submit that no further notice is necessary. Pursuant to

paragraph 21 of the Case Management Order, if no objections are timely filed and served in accordance therewith, an order granting the relief requested herein may be entered without a hearing.

24. No previous request for the relief sought herein has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court (i) enter the proposed Section 327 Order granting the relief sought herein, and (ii) grant such other and further relief as the Court deems just and proper.

Dated: New York, New York
July 19, 2012

Respectfully submitted,

PATRIOT COAL CORPORATION,
Debtors and Debtors in Possession

/s/ Mark N. Schroeder
NAME: Mark N. Schroeder
TITLE: Senior Vice President and
Chief Financial Officer

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

Exhibit A

**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 AUTHORIZING AND APPROVING THE EMPLOYMENT
AND RETENTION OF GCG, INC. AS ADMINISTRATIVE AGENT TO THE
DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

Upon consideration of the application (the “**Section 327 Application**”)² of Patriot Coal Corporation and those of its subsidiaries that are debtors and debtors in possession (collectively, the “**Debtors**”), pursuant to section 327(a) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), for entry of an order authorizing the retention and employment of GCG, Inc. (“**GCG**”) as administrative agent for the Debtors’ chapter 11 cases (collectively, the “**Chapter 11 Cases**”) *nunc pro tunc*, effective as of the Petition Date pursuant to the terms of the Engagement Agreement, all as more fully described in the Section 327 Application; and upon the Declaration of Mark N. Schroeder, Patriot Coal Corporation’s Senior Vice President and Chief Financial Officer; and upon the declaration of Angela Ferrante, attached to the Section 327 Application as Exhibit C (the “**Ferrante Declaration**”); and the Court being satisfied, based on the representations made in the Section 327 Application and the Ferrante Declaration, that GCG and

¹ The Debtors are the entities listed on Schedule 1 to the Section 327 Application. 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 otherwise defined herein shall have the meanings ascribed to such terms in the Section 327 Application.

its professionals are “disinterested” as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and as required under section 327(a) of the Bankruptcy Code; and that GCG and its professionals represent no interest adverse to the Debtors’ estates; and the Court having jurisdiction to consider the Section 327 Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Section 327 Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and due and proper notice of the Section 327 Application having been provided in accordance with the Order Establishing Certain Notice, Case Management and Administrative Procedures entered by the Court on July 16, 2012 [ECF No. 84]; and it appearing that no other or further notice need be provided; [and a hearing having been held to consider the relief requested in the Section 327 Application (the “**Hearing**”)]; and upon the record of [the Hearing and] all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Section 327 Application is in the best interests of the Debtors, their estates, creditors and other parties in interest; and that the legal and factual bases set forth in the Section 327 Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby:

ORDERED that the Section 327 Application is granted as provided herein; and it is further

ORDERED that pursuant to section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), the Debtors are authorized to employ and retain GCG as administrative agent in the Chapter 11 Cases, *nunc pro tunc* to the Petition Date, pursuant to the terms and conditions set forth in the Section 327 Application and the Engagement Agreement; and it is further

ORDERED that GCG is authorized to perform the following actions and services:

- (a) Assisting with the preparation and filing of the Debtors' schedules of assets and liabilities and statements of financial affairs;
- (b) Generating and providing claim reports and claim objection exhibits, as requested by the Debtors and their professionals;
- (c) Managing the preparation, compilation and mailing of documents to creditors and other parties in interest in connection with the solicitation of a chapter 11 plan (a "**Plan**");
- (d) Managing the publication of legal notices, as requested;
- (e) Collecting and tabulating votes in connection with any Plan filed by the Debtors and providing ballot reports to the Debtors and their professionals;
- (f) Generating an official ballot certification and testifying, if necessary, in support of the ballot tabulation results; and
- (g) Managing any distributions made pursuant to a confirmed Plan;

and it is further

ORDERED that this Order shall not apply to any services GCG was authorized to render pursuant to the Section 156(c) Order; and it is further

ORDERED that, to the extent that GCG's duties exceed the scope of the Section 156(c) Order, GCG shall be compensated in accordance with, will file interim and final fee applications for allowance of its compensation and expenses pursuant to, and shall be subject to, the Fee Guidelines; and it is further

ORDERED that GCG shall be reimbursed only for actual, documented, reasonable and necessary expenses as provided in the Fee Guidelines; and it is further

ORDERED that GCG shall not be entitled to reimbursement of any attorney's fees incurred in connection with the preparation of any fee applications or drafting and negotiating the Engagement Agreement, the Section 327 Application or any related documents; and it is further

ORDERED that GCG shall apply any amounts of its prepetition retainer remaining, after applying such retainer to prepetition amounts (as described in the Section 327 Application), as a credit toward postpetition fees and expenses, after such postpetition fees and expenses are approved pursuant to the first order of the Court awarding fees and expenses to GCG; and it is further

ORDERED that GCG shall file a supplemental affidavit with the Court and give ten business days' notice to the Debtors, the U.S. Trustee and any official committee appointed in the Chapter 11 Cases, which supplemental affidavit shall explain the basis for the requested rate increases in accordance with section 330(a)(3)(F) of the Bankruptcy Code and indicate whether the Debtors have received notice of and approved the proposed rate increase; and it is further

ORDERED that GCG shall use its best efforts to avoid any duplication of services provided by any of the Debtors' other retained professionals in the Chapter 11 Cases; and it is further

ORDERED that GCG is hereby authorized to keep reasonably detailed time records in 1/10th of an hour increments, and GCG will submit such time records along with any interim or final fee application, which shall include the amount of compensation requested and a narrative summary organized by project category which shall identify: (i) the services rendered, (ii) each professional rendering such services, and (iii) the categories of such services rendered; and it is further

ORDERED that the Debtors and GCG are authorized to take such other and further actions necessary to comply with all of the duties set forth in the Section 327 Application; and it is further

ORDERED that to the extent that there may be any inconsistency between the terms of the Section 327 Application, the Engagement Agreement or this Order, the terms of this Order shall govern; and it is further

ORDERED that the relief requested herein shall continue to apply to any of the Debtors' affiliates and their respective estates that subsequently commence chapter 11 cases without the need for any further requests or motions; and it is further

ORDERED that the Debtors and GCG are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Section 327 Application; and it is further

ORDERED that this Court retains jurisdiction with respect to all matters arising from, or related to, the implementation and/or interpretation of this Order; and it is further

ORDERED that notice of the Section 327 Application as provided therein shall be deemed good and sufficient notice of such application, and the requirements of Bankruptcy Rule 6004(a) and the local rules of the Court are satisfied by such notice.

Dated: New York, New York
_____, 2012

THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

Exhibit B



BANKRUPTCY ADMINISTRATION AGREEMENT

This Bankruptcy Administration Agreement, dated as of June 13, 2012, is between GCG, Inc., a Delaware corporation (the "Company"), and Patriot Coal Corporation, on behalf of itself and its subsidiaries and affiliates (collectively, the "Clients").

The Clients desire to retain the Company to perform certain noticing, claims processing, solicitation and other administrative services for the Clients in their Chapter 11 cases anticipated to be filed in the United States Bankruptcy Court for the Southern District of New York (such Court or such other Bankruptcy Court where said Chapter 11 cases may actually be filed in lieu thereof, the "Bankruptcy Court"), and the Company desires to be so retained, in accordance with the terms and conditions of this Agreement.

In consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Services. The Company agrees to provide the services necessary to perform the tasks specified in the pricing schedule that has been supplied to the Clients. Such services are hereinafter referred to as "Services." The Clients agree and understand that none of the Services constitute legal advice.

2. Payment for Services; Expenses.

2.1. Compensation. As full compensation for the Services to be provided by the Company, the Clients agree to pay the Company its fees as agreed upon between the Clients and the Company. The Company's standard pricing schedule is attached hereto as Exhibit A. Such pricing schedule does not reflect agreed discounts between the Clients and the Company. Subject to Bankruptcy Court approval, billing rates may be adjusted from time to time by the Company in its reasonable discretion, although billing rates generally are changed on an annual basis. The Company agrees to provide sixty days prior notice to the Clients of such proposed billing rate adjustments. Clients agree to pay the Company a retainer of \$150,000.00 (which may be replenished from time to time), to be applied first, against the pre-petition fees and expenses incurred by the Clients in connection with Services rendered by the Company, and then, against the final bill that will be rendered by the Company to the Clients for the post-petition fees and expenses incurred by the Clients in connection with Services rendered by the Company.

2.2. Expenses. In addition to the compensation set forth in Section 2.1, and subject to the terms of the pricing that has been agreed upon between the Clients and the Company, the Clients shall reimburse the Company for all actual and documented out-of-pocket expenses reasonably incurred by the Company in connection with the performance of the Services (subject to Bankruptcy Court determination in the event of an unresolved dispute). The out-of-pocket expenses will be billed on the expense (non-fee) portion of the Company's invoice to the Clients and may include, but are not limited to, postage, banking fees, brokerage fees, costs of messenger and delivery service, filing fees, and other similar expenses.

2.3. Billing and Payment. The Company shall bill the Clients for its fees and expenses for Services performed under 28 U.S.C. § 156(c) on a monthly basis, and the Clients shall pay

the Company within thirty (30) days of its receipt of each such bill in the ordinary course of business (subject to Bankruptcy Court approval in the event of an unresolved dispute). For Services performed outside the scope of 28 U.S.C. § 156(c), the Company shall apply for compensation and reimbursement of expenses in accordance with the procedures set forth in 11 U.S.C. §§ 330 and 331, the applicable Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Southern District of New York, any applicable orders of the Bankruptcy Court, the guidelines established by the United States Trustee for the Southern District of New York and such other procedures that have been, or may be, fixed by order of the Bankruptcy Court. Unless otherwise agreed to in writing, the fees for print notice and media publication (including commissions), as well as certain other expenses, such as postage, must be paid at least three (3) business days in advance of those fees and expenses being incurred or as soon as reasonably practicable thereafter. Each of the Clients is jointly and severally liable for the Company's fees and expenses.

3. Term and Termination.

3.1. Term. The term of this Agreement shall commence on the date hereof and shall continue until performance in full of the Services, unless earlier terminated as set forth herein.

3.2. Termination.

(a) In the event of any material breach of this Agreement by either party hereto, either party may apply to the Bankruptcy Court for an order allowing termination of this Agreement. Grounds for termination include: (i) failure to cure a material breach within thirty (30) days after receipt of such written notice by the non-breaching party or (ii) in the case of any breach which requires more than thirty (30) days to effect a cure, failure to commence and continue, in good faith, efforts to cure such breach, provided that such cure shall be effected no later than ninety (90) days after receipt of such written notice of such breach. Waiver of any such default or material breach by either party hereto shall not be construed as limiting any right of termination for a subsequent default or material breach.

(b) The Company shall be entitled to an administrative claim for all fees and expenses allowable under this Agreement and outstanding at the time of termination (subject to Bankruptcy Court approval in the event of an unresolved dispute).

(c) In accordance with the Bankruptcy Court's Local Rules, procedures and/or directives, or in the absence thereof, as soon as practicable (i) following the entry of a final decree closing the Chapter 11 cases, or (ii) following the conversion of the Chapter 11 cases to Chapter 7, the Company shall forward all original proofs of claim to the Federal Archives Record Administration. For all other documents in the Company's actual or constructive possession (including, but not limited to, letters, e-mails, facsimiles, other correspondence and all undeliverable and/or returned mail), the Company shall retain paper copies and electronic copies for one (1) year (i) following the entry of a final decree closing the Chapter 11 cases, or (ii) following the conversion of the Chapter 11 cases to Chapter 7. Following the one (1) year retention period, the Company shall have the right to destroy all such documents. This provision shall not affect the Company's normal course business processes for archives and back-up tapes.

4. Independent Contractor. It is understood and agreed that the Company, through itself or any of its agents, shall perform the Services as an independent contractor. No agency, partnership, joint venture or employment relationship shall arise, directly or indirectly, as a result of this Agreement. Neither the Company nor any of its employees shall be deemed to be an employee of the Clients. Neither the Company nor any of its employees shall be entitled to any benefits provided by the Clients to their employees, and the Clients will make no deductions from any of the payments due to the Company

hereunder for state or federal tax purposes. The Company agrees that the Company shall be responsible for any and all taxes and other payments due on payments received hereunder by the Company from the Clients. Nothing in this Agreement requires the Clients to use the Company for any future work relating to the Services, and, in the event the Clients decide to use another party for such future work, the Company agrees to cooperate fully with the Clients to ensure a smooth transition to the new party. The Company warrants that the Services provided hereunder shall be of a professional and workmanlike manner, and shall comply with all applicable laws and orders.

5. Accuracy of Client Supplied Information. The Clients are responsible for the accuracy of all programs, data and other information they submit to the Company (including all information for the preparation of Schedules of Assets and Liabilities ("Schedules") and Statements of Financial Affairs ("Statements")) and for the output of such information. The Company may undertake to place such data and information into certain systems and programs, including in connection with the generation of Schedules and Statements. The Company does not verify information provided by the Clients and, with respect to Schedules and Statements preparation, all decisions are at the sole discretion and direction of the Clients. All Schedules and Statements filed on behalf of, or by, the Clients are reviewed and ultimately approved by the Clients, and the Company bears no responsibility for the accuracy or contents therein.

6. Confidential Information.

6.1. Confidentiality. In connection with this Agreement, each of the Clients and the Company (as the case may be, the "Disclosing Party") may disclose to the Company or the Clients (as the case may be, the "Receiving Party") certain information (a) that is marked or otherwise identified in writing as confidential or proprietary information of the Disclosing Party ("Confidential Information") prior to or upon receipt by the Receiving Party; or (b) which the Receiving Party reasonably should recognize from the circumstances surrounding the disclosure to be Confidential Information. The Receiving Party (x) shall hold all Confidential Information in confidence and will use such information only for the purposes of fulfilling the Receiving Party's obligations hereunder, and for no other purpose, and (y) shall not disclose, provide, disseminate or otherwise make available any Confidential Information to any third party other than for the purposes of fulfilling the Receiving Party's obligations hereunder, in either case, without the express prior written permission of the Disclosing Party. Notwithstanding the foregoing, the Receiving Party may disclose Confidential Information pursuant to a validly issued subpoena or order of a court of competent jurisdiction, provided, however, that the Receiving Party must provide the Disclosing Party with prompt written notice of such subpoena or court order so that the Disclosing Party may seek a protective order or other appropriate remedy, and the Receiving Party shall reasonably cooperate with the Disclosing Party's efforts to obtain same.

6.2. Protection of Intellectual Property. The Clients acknowledge that the Company's intellectual property, including, without limitation, the Company's inventions (whether or not patentable), processes, trade secrets and know how are of ultimate importance to the Company. The Clients understand that the software programs and other materials furnished by the Company pursuant to this Agreement, and/or developed during the course of this Agreement by the Company, are the sole property of the Company. The term "program" shall include, without limitation, data processing programs, check printing programs, specifications, applications, routines, sub-routines, procedural manuals and documentation. The Clients further agree that any ideas, concepts, know-how or techniques relating to the claims management software used or developed by the Company during the course of this Agreement shall be the exclusive property of the Company. Notwithstanding the foregoing, all information, data or records compiled by the Company on behalf of the Clients in the performance of the Services hereunder shall be deemed "work for hire," and upon termination or expiration of this Agreement, the Company shall, at the Clients' request, provide the Clients with electronic copies of the same.

6.3. Scope. The foregoing obligations in Sections 6.1 and 6.2 shall not apply to (a) information that is or becomes generally known or available by publication, commercial use or otherwise through no fault of the Receiving Party; (b) information that is known by the Receiving Party prior to the time of disclosure by the Disclosing Party to the Receiving Party; (c) information that is obtained from a third party who, to the Receiving Party's knowledge, has the right to make such disclosure without restriction; (d) any disclosure required by applicable law; or (e) information that is released for publication by the Disclosing Party in writing. The obligations set forth under Sections 6.1 and 6.2 shall survive the termination of this Agreement.

7. Jurisdiction. This Agreement is subject to the approval of the Bankruptcy Court, and the Bankruptcy Court shall retain jurisdiction over all matters regarding this Agreement.

8. Force Majeure. Whenever performance by the Company of any of its obligations hereunder is substantially prevented by reason of any act of God, strike, lock-out or other industrial or transportational disturbance, fire, lack of materials, law, regulation or ordinance, war or war conditions or by reason of any other matter beyond the Company's reasonable control, then such performance shall be excused and this Agreement shall be deemed suspended during the continuation of such prevention and for a reasonable time thereafter.

9. Notice. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, or sent by registered mail, postage prepaid or overnight courier. Any such notice shall be deemed given when so delivered personally, or, if mailed, five (5) days after the date of deposit in the United States mail, or, if sent by overnight courier, one (1) business day after delivery to such courier, as follows: if to the Company, to GCG, Inc., 1985 Marcus Avenue, Suite 200, Lake Success, New York 11042, Attention: David Isaac, Chief Executive Officer; and if to the Clients, to Patriot Coal Corporation, 12312 Olive Blvd, Suite 400, St. Louis, MO 63141, Attention: Jacquelyn A. Jones, Vice President - Associate General Counsel & Corporate Secretary, with a copy to Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York, 10017 Attention: Marshall S. Huebner and Brian M. Resnick.

10. Governing Law. This contract will be governed by and construed in accordance with the laws of the State of New York (without reference to its conflict of laws provisions).

11. Severability. All clauses and covenants contained in this Agreement are severable and in the event any of them are held to be invalid by any court having competent jurisdiction, such clause or covenant shall be valid and enforced to the maximum extent as to which it may be valid and enforceable, and this Agreement will be interpreted as if such invalid clauses or covenants were not contained herein.

12. Assignment. This Agreement and the rights and obligations of the Company and the Clients hereunder shall bind and inure to the benefit of any successors or assigns thereto.

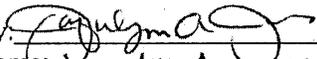
13. General. This Agreement supersedes and replaces any existing agreement entered into by the Company and the Clients relating generally to the same subject matter, and may be modified only in a writing signed by the Company and the Clients. The paragraph headings in this Agreement are included only for convenience, do not in any manner modify or limit any of the provisions of this Agreement and may not be used in the interpretation of this Agreement. Failure to enforce any provision of this Agreement shall not constitute a waiver of any term hereof. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument. The Clients shall file an application with the Bankruptcy

Court seeking approval of this Agreement (the "Application"). If an order is entered approving such Application (the "Retention Order"), any discrepancies between this Agreement, the Application and the Retention Order shall be controlled by the Application and the Retention Order.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

PATRIOT COAL CORPORATION

GCG, INC.

By: 
Name: Jacquelyn A. Jones
Title: Vice President - Associate
General Counsel & Corporate
Secretary

By: _____
Name: Angela Ferrante
Title: Vice President, Bankruptcy

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

PATRIOT COAL CORPORATION

GCG, INC.

By: _____
Name:
Title:

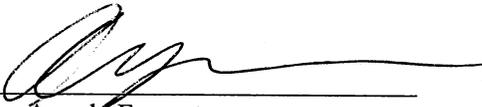
By: 
Name: Angela Ferrante
Title: Vice President, Bankruptcy

EXHIBIT A



Standard GCG Pricing

Set-Up Creditor File

Set-up fee	Waived
Electronic import of creditor data	No per creditor charge
Assist with production of Schedules and Statements of Financial Affairs	Discounted hourly rates

Noticing

Laser printing (includes folding, insertion, and envelopes)	\$0.10 per page (volume discounts apply)
Electronic noticing (e-mail)	\$50 per 1,000
Facsimile noticing (domestic facsimile)	\$0.10 per page
Personalization/labels.....	\$0.05 each
Legal publication of notice.....	Quote
Processing undeliverables	\$0.25 each

Document Management

Sort and prep mail (including handling remains).....	Discounted hourly rates
Document scanning.....	\$0.12 per image
Document monthly storage (paper)	\$1.50 per box
(electronic).....	\$0.02 per creditor/image (waived for first three months)

Claims Administration

Association of claimant name and address to database.....	\$0.15 per claim
Processing of claims, including non-conforming claims, supervisory review and application of message codes.....	Discounted hourly rates

Public Securities / Balloting / Solicitation and Tabulation

Solicitation and Balloting (including coordination with nominees and Broadridge and processing of master ballots, tabulation, verification and certification of vote)	Discounted hourly rates
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Web Site

Creating customized, interactive web site (including e-mail box for creditors)	Discounted hourly rates
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Monthly maintenance fee \$200
per month

Providing updates to website Discounted hourly rates

Contact Services

Case-specific voice-mail box for creditors..... No charge

Interactive Voice Response (“IVR”)..... \$1,900 set up
\$0.39 per minute

Live Customer Service Representatives..... \$0.95 per minute

Monthly maintenance charge \$100 per month

Management of Call Center (including handling of claimant
communications, call backs, e-mails, and other correspondences)..... Discounted hourly rates

Miscellaneous Expenses

Travel At cost

Postage, courier, etc At cost

Copying, facsimile \$0.10 per page

Hourly Billing Rates

Title	Discounted Hourly Rates
Administrative and Claims Control	\$45-\$55
Project Administrators	\$70-\$85
Quality Assurance Staff	\$80-\$125
Project Supervisors	\$95-\$110
Systems, Graphic Support & Technology Staff	\$100-\$200
Project Managers and Senior Project Managers	\$125-\$175
Directors and Asst. Vice Presidents	\$200-\$295
Vice Presidents and above	\$295

Any additional professional services, including any outsourced data input performed under GCG’s supervision and control, are charged at GCG hourly rates. GCG does not charge a premium or overtime charge for any of the services it performs.

Exhibit C

**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)

**DECLARATION OF ANGELA FERRANTE IN SUPPORT OF
THE APPLICATION OF DEBTORS FOR AUTHORITY TO EMPLOY
AND RETAIN GCG, INC. AS ADMINISTRATIVE AGENT
NUNC PRO TUNC TO THE PETITION DATE**

Angela Ferrante, makes this Declaration under 28 U.S.C. § 1746:

1. I am a Vice President of GCG, Inc. (“**GCG**”), and I am authorized to make and submit this Declaration on behalf of GCG. This Declaration is submitted in support of the application (the “**Section 327 Application**”) of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) for authorization pursuant to 11 U.S.C. § 327(a) and Fed. R. Bankr. P. 2014(a) to employ and retain GCG as administrative agent in connection with the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”) and in accordance with the terms and conditions of the engagement agreement, attached to the Section 327 Application as Exhibit B (the “**Engagement Agreement**”). The statements contained herein are based upon personal knowledge.

2. GCG is one of the country’s leading chapter 11 administrators with expertise in all areas of bankruptcy administration, including, but not limited to, balloting administration and distribution, and GCG is well-qualified to provide administrative services in connection with the Chapter 11 Cases. GCG has been retained as the administrative agent in a number of large

¹ The Debtors are the entities listed on Schedule 1 to the Section 327 Application. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

chapter 11 cases in both this and other jurisdictions, including: *In re Arcapita Bank B.S.C.(c), et al.*, case no. 12-11076 (SHL) (Bankr. S.D.N.Y. Mar. 19, 2012); *In re Ener1, Inc.*, case no. 12-10299 (MG) (Bankr. S.D.N.Y. Jan. 26, 2012); *In re AMR Corporation, et al.*, case no. 11-15463 (SHL) (Bankr. S.D.N.Y. Nov. 29, 2011); *In re General Maritime Corporation, et al.*, case no. 11-15285 (MG) (Bankr. S.D.N.Y. Nov. 17, 2011); *In re Borders Group, Inc., et al.*, case no. 11-10614 (MG) (Bankr. S.D.N.Y. Feb. 16, 2011); *In re SP Newsprint Holdings LLC, et al.*, case no. 11-13649 (CSS) (Bankr. D. Del. Nov. 15, 2011); *In re Security National Properties Funding III, LLC, et al.*, case no. 11-13277 (KG) (Bankr. D. Del Oct. 13, 2011); *In re Dallas Stars, L.P., et al.*, case no. 11-12935 (PJW) (Bankr. D. Del. September 19, 2011).

3. The Debtors selected GCG to serve as the administrative agent in the Chapter 11 Cases for the Debtors' estates, as set forth in more detail in the Section 327 Application filed contemporaneously herewith. To the best of my knowledge, neither GCG, nor any of its professional personnel, have any relationship with the Debtors that would impair GCG's ability to serve as administrative agent in the Chapter 11 Cases. GCG does have relationships with some of the Debtors' creditors, but they are in matters completely unrelated to the Chapter 11 Cases, either as vendors or in cases where GCG serves in a neutral capacity as a class action settlement claims administrator or bankruptcy administrator. GCG's assistance in the cases where GCG acts as a class action settlement claims administrator has been primarily related to the design and dissemination of legal notices and other administrative functions in class actions. In addition, GCG personnel may have relationships with some of the Debtors' creditors; however, such relationships are of a personal, financial nature and completely unrelated to the Chapter 11 Cases. GCG has working relationships with certain of the professionals retained by the Debtors and other parties herein, but such relationships are completely unrelated to the

Chapter 11 Cases. GCG (i) has represented, and will continue to represent, clients in matters unrelated to the Chapter 11 Cases and (ii) has had, and will continue to have, relationships in the ordinary course of its business with certain vendors and professionals in matters unrelated to the Chapter 11 Cases.

4. Since 1999, GCG has been a wholly owned subsidiary of Crawford & Company. Ernst & Young LLP, the Debtors' proposed auditor, serves as Crawford & Company's auditor in matters completely unrelated to the Chapter 11 Cases. I am advised that Crawford & Company has no material relationship with the Debtors, and while it may have rendered services to certain creditors, received services from certain creditors or have a vendor relationship with certain creditors, such relationships were (or are) in no way connected to GCG's retention by the Debtors in the Chapter 11 Cases.

5. GCG and its professionals are "disinterested," as that term is defined in section 101(14) of the Bankruptcy Code, in that GCG and its professional personnel:

- 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 Chapter 11 Cases, directors, officers or employees of the Debtors; and
- c. do not have an interest materially adverse to the interests of the Debtors' estates or any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors.

6. GCG has not been retained to assist any entity or person other than the Debtors on matters relating to, or in connection with, the Chapter 11 Cases. If GCG's proposed retention is approved by this Court, GCG will not accept any engagement or perform any services for any entity or person other than the Debtors in the Chapter 11 Cases without the prior express consent and authority of the Debtors; *provided, however*, that on July 11, 2012, this Court entered an

order appointing GCG as claims and noticing agent, *nunc pro tunc* to the Petition Date, pursuant to 28 U.S.C. § 156(c) [ECF No. 45] (the “**Section 156(c) Order**”). In addition, GCG may provide professional services to entities or persons that may be creditors or parties-in-interest in the Chapter 11 Cases, which services do not relate to, or have any direct connection with, the Chapter 11 Cases or the Debtors.

7. GCG has received a \$500,000.00 retainer from the Debtors and, as referenced in the Application For an Order Appointing GCG, Inc. as Claims and Noticing Agent for the Debtors *Nunc Pro Tunc* to the Petition Date [ECF No. 23], will apply such retainer first, against all prepetition fees and expenses, and second, against the first bill for fees and expenses that GCG will render during the Chapter 11 Cases.

8. GCG represents, among other things, that:

- a. It will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as administrative agent in the Chapter 11 Cases;
- b. By accepting employment in the Chapter 11 Cases, GCG waives any right to receive compensation from the United States government;
- c. In its capacity as administrative agent in the Chapter 11 Cases, GCG will not be an agent of the United States and will not act on behalf of the United States; and
- d. GCG will not employ any past or present employees of the Debtors in connection with its work as administrative agent in the Chapter 11 Cases.

9. Subject to the Court’s approval, the Debtors have agreed to compensate GCG for professional services rendered pursuant to section 327(a) of the Bankruptcy Code in connection with the Chapter 11 Cases according to the terms and conditions of the Engagement Agreement.

10. In accordance with section 504 of the Bankruptcy Code and Bankruptcy Rule 2016, neither I nor GCG has entered into any agreements, express or implied, with any other party in interest, including the Debtors, any creditor, or any attorney for such party in interest in

the Chapter 11 Cases (i) for the purpose of sharing or fixing fees or other compensation to be paid to any such party in interest or its attorneys for services rendered in connection therewith, (ii) for payment of such compensation from the assets of the estates in excess of the compensation allowed by the Court pursuant to the applicable provisions of the Bankruptcy Code, or (iii) for payment of compensation in connection with the Chapter 11 Cases other than in accordance with the applicable provisions of the Bankruptcy Code. If any such agreement is entered into, GCG undertakes to amend and supplement this Declaration to disclose the terms of any such agreement.

11. To the extent that GCG's duties exceed the scope of the Section 156(c) Order, GCG intends to apply to the Court for allowance of compensation and reimbursement of out-of-pocket expenses incurred after the Petition Date in accordance with the Standing Order M-412 Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals, dated December 21, 2010; the Amended Guidelines M-389 for Fees and Disbursements for Professionals in the Southern District of New York, dated November 25, 2009; the U.S. Trustee Fee Guidelines; sections 330 and 331 of the Bankruptcy Code; the Bankruptcy Rules; the Local Bankruptcy Rules; and any further orders of the Court.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Executed on this 18th day of July, 2012

/s/ Angela Ferrante
Angela Ferrante, Vice President
of GCG, Inc.