

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

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

**In re:**

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

**Debtors.<sup>1</sup>**

**Chapter 11**

**Case No. 12-12900 (SCC)**

**(Jointly Administered)**

**DEBTORS' MOTION FOR APPROVAL OF PROCEDURES FOR THE  
ASSERTION, RESOLUTION AND TREATMENT OF RECLAMATION CLAIMS  
AND CLAIMS ASSERTED PURSUANT TO 11 U.S.C. § 503(b)(9)**

Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the "**Debtors**") respectfully represent:

**Relief Requested**

1. By this motion (the "**Motion**"), and pursuant to sections 105(a), 503(b), and 546(c) of the Bankruptcy Code and section 2-702 of the Uniform Commercial Code,

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<sup>1</sup> 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.

the Debtors seek entry of an order in the form attached hereto as Exhibit A:

(i) authorizing the Debtors to establish procedures for the assertion of unpaid claims<sup>2</sup> pursuant to (A) section 546(c) (the “**Reclamation Claims**”) of the Bankruptcy Code and (B) section 503(b)(9) (the “**503(b)(9) Claims**”) of the Bankruptcy Code, and the resolution, allowance and satisfaction thereof and (ii) prohibiting Reclamation Vendors and 503(b)(9) Vendors (each as hereinafter defined) from pursuing Reclamation Claims or 503(b)(9) Claims, as applicable, outside of these procedures. The Debtors submit that implementation of these procedures is in the best interests of the Debtors’ estates and all parties in interest.

### **Background and Jurisdiction**

2. On July 9, 2012 (the “**Petition Date**”), each Debtor commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. These chapter 11 cases are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure and the Court’s Joint Administration Order entered on July 10, 2012 [ECF No. 30].

4. 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,

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<sup>2</sup> Certain vendors may receive payment on account of their prepetition claims pursuant to other orders of the Court. To the extent a Reclamation Vendor or a 503(b)(9) Vendor receives payment on account of its prepetition claim pursuant to any such other order, the Procedures shall not apply to such Reclamation Vendor or 503(b)(9) Vendor.

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

5. The Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b) and may be determined by the Bankruptcy Court. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

### Discussion

6. On July 16, 2012, the Court entered the Order Establishing Certain Notice, Case Management and Administrative Procedures [ECF No. 84] (the "**Case Management Order**"). If the Procedures (as defined below) conflict with the Case Management Order, the Procedures shall control with respect to Reclamation Claims and 503(b)(9) Claims. In all other circumstances, except as otherwise provided by separate order, the Case Management Order shall govern.

7. Consistent with the normal operation of their businesses prior to the Petition Date, the Debtors ordered merchandise from various vendors on varying credit terms. For example, the Debtors regularly purchase, among other things, underground and surface mining and preparation plant equipment, conveyor equipment, parts for mining and conveyor equipment, fuel, roof control products, tires, explosives, chemicals, bits and other materials that support their operations. These goods are typically delivered directly to each of the Debtors mining complexes. Given the extension of credit by various vendors, the Debtors are often in possession of goods for which payment has not been made by the time of delivery.

### Reclamation Claims

8. Under the laws of most states, sellers that ship merchandise on credit may have the right under certain circumstances to reclaim the merchandise. Prior to the commencement of a case under the Bankruptcy Code, reclamation rights of sellers are governed by state law. Section 2-702(2) of the Uniform Commercial Code allows a seller of goods, upon discovering that the buyer has received the goods on credit while insolvent, to reclaim the goods upon demand made within 10 days after the buyer's receipt of the goods.

9. Section 2-702(3) of the Uniform Commercial Code provides that all reclamation rights in section 2-702(2) are "subject to the rights of a buyer in ordinary course or other good faith purchaser." It is well settled that a lender or other creditor "with a security interest in after-acquired property who acted in good faith and for value . . . is a good faith purchaser to whose claim that of a reclaiming seller is subject." *In re Arlco*, 239 B.R. 261, 270–71 (Bankr. S.D.N.Y. 1999) (internal quotation marks omitted); *see also, e.g., In re Pester Refining Co.*, 964 F.2d 842, 844–45 (8th Cir. 1992); *In re Samuels & Co.*, 526 F.2d 1238, 1243, 1247 (5th Cir. 1976) (en banc), *cert. denied*, 429 U.S. 834 (1976); *In re Pittsburgh-Canfield Corp.*, 309 B.R. 277, 284 (B.A.P. 6th Cir. 2004). "[A]fter the secured creditors' superior interests have been satisfied or released, the reclaiming seller retains a priority interest in any remaining goods, and in any surplus proceeds from the secured creditors' foreclosure sale . . . where the value of the reclaiming seller's rights is worthless because of the secured lien, the reclamation request is not denied, but is of no value." *In re Child World*, 145 B.R. 5, 7–8 (Bankr. S.D.N.Y. 1992), *aff'd*, 147 B.R. 323 (1992); *see also In re Arlco*, 239 B.R. at 272–73; *In re Victory Mkts.*, 212 B.R. 738, 743 (Bankr. N.D.N.Y. 1997).

10. Upon commencement of a chapter 11 case, reclamation rights are governed by section 546(c) of the Bankruptcy Code, which provides that sellers who sold goods to debtors in the ordinary course of the seller's business may reclaim the goods if: (i) the debtor received the goods while insolvent within 45 days before the date of the commencement of the case, (ii) the seller makes a reclamation demand in writing (a) before 45 days after receipt of the goods by the debtor or (b) if the 45-day period expires postpetition, before 20 days after the debtor's petition date,<sup>3</sup> and (iii) the seller is otherwise entitled to reclamation under applicable state law.

#### **503(b)(9) Claims**

11. Section 503(b)(9) of the Bankruptcy Code provides for the allowance, as an administrative expense, of the value of any goods sold to the Debtors in the ordinary course of the Debtors' businesses and received by the Debtors within 20 days before the Petition Date.

#### **Reclamation Demands and 503(b)(9) Demands**

12. The Debtors anticipate that a significant number of vendors may file demands for (i) Reclamation Claims (each, a "**Reclamation Demand**") and (ii) 503(b)(9) Claims (each, a "**503(b)(9) Demand**").

13. The Debtors submit that implementation of the procedures set forth herein will facilitate the reconciliation of Reclamation Claims and 503(b)(9) Claims, minimize litigation and costs associated with such claims, ensure the continuous flow of important goods to the Debtors, and facilitate the reconciliation between overlapping Reclamation

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<sup>3</sup> Notwithstanding the foregoing, a vendor that fails to provide notice in the manner described in the Reclamation Procedures "still may assert" a 503(b)(9) Claim for goods sold to the Debtors in the ordinary course of the Debtors' businesses within 20 days before the Petition Date.

Claims and 503(b)(9) Claims. Neither the filing of this Motion nor any of the information contained herein shall constitute an admission of the solvency or insolvency of the Debtors as of, or prior to, the Petition Date.

**Reclamation Procedures**

14. The Debtors propose the following procedures (the “**Reclamation Procedures**”) with respect to all Reclamation Demands:

**A. Reclamation Demand**

a. Parties wishing to make a Reclamation Demand shall fill out a Reclamation Claim Form, attached hereto as Exhibit B (the “**Reclamation Claim Form**”), identifying (i) the particular goods sought to be reclaimed (the “**Reclamation Goods**”), (ii) the quantity or dollar value of the Reclamation Goods, (iii) the date the Reclamation Goods were delivered to the Debtors, (iv) the invoice numbers and/or purchase order numbers applicable to the Reclamation Goods and (v) the basis for the Reclamation Demand.

b. The Reclamation Claim Form, accompanied by the applicable invoice(s), and bill(s) of lading or other documentation establishing proof of delivery and proof of the date of delivery of the Reclamation Goods, should be served and actually received by (i) the Debtors, either by facsimile transmission to (314) 275-3626 or delivery to Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri, 63141, Attn: Marguerite A. O’Connell, (ii) the Debtors’ proposed notice and claim agent, GCG, Inc. (“**GCG**”), either by facsimile transmission to (855) 687-2627 or delivery to Patriot Coal Corporation, c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio, 43017 and (iii) proposed counsel to the Debtors, Davis Polk & Wardwell LLP, either by facsimile transmission to (212) 607-7983 or delivery to Davis Polk & Wardwell LLP,

450 Lexington Avenue, New York, New York 10017, Attn: Brian M. Resnick and  
Michelle M. McGreal:

i) before 45 days after the receipt of such Reclamation Goods by  
the Debtors, unless such 45th day is not a business day, in which case before the next  
business day; or

ii) if such 45-day period expires after the Petition Date, before 20  
days after the Petition Date, unless such 20th day is not a business day, in which case  
before the next business day.

15. The Debtors submit that any entity who fails to timely submit a  
Reclamation Demand pursuant to the Reclamation Procedures and section 546(c)(1) shall  
be deemed to have irrevocably waived its right to payment on account of any purported  
Reclamation Claim; *provided* that, to the extent that (i) a timely submitted Reclamation  
Demand does not provide all of the information required in the Reclamation Claim Form  
but (ii) such Reclamation Demand is otherwise valid under applicable law, then the  
Debtors shall use reasonable efforts to request the missing information from the  
Reclamation Vendor submitting such Reclamation Demand, and such Reclamation  
Vendor shall have 10 days from receipt of such request to provide such information to the  
Debtors;

**B. Reconciliation Process for Reclamation Claims**

16. As soon as practicable after the receipt of a Reclamation Demand, the  
Debtors shall review the demand and evaluate (i) the legal sufficiency of the Reclamation  
Demand, (ii) whether the Reclamation Goods were in the Debtors' possession when the  
Debtors received the Reclamation Demand, (iii) the invoice amount of the Reclamation

Goods and (iv) any setoffs, deductions, credits, and other defenses and claims that the Debtors may have against the party asserting the Reclamation Demand.

17. If, at any point in the reconciliation process, the Debtors determine that a claim asserted in a Reclamation Demand should be allowed (each an “**Allowed Reclamation Claim**”), the Debtors request that they be authorized, in their sole discretion, to (i) make the Reclamation Goods available for pick-up by the seller that served the Reclamation Demand (the “**Reclamation Vendor**”) or (ii) grant the Reclamation Vendor an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases. If, at any point in the reconciliation process, the Debtors determine that a 503(b)(9) Claim that has been asserted in a Reclamation Demand should be an Allowed Reclamation Claim, the Debtors request that they be authorized, in their sole discretion, to grant such Reclamation Vendor an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases, and that such administrative claim shall be in full satisfaction of such 503(b)(9) claim and that such Reclamation Vendor shall be barred from later prosecuting such 503(b)(9) claim.

18. The Debtors request that they also be authorized, in their sole discretion, to (a) negotiate with Reclamation Vendors whose Reclamation Demands have not been reconciled in order to reach agreement (a “**Reclamation Settlement**”) regarding any unresolved claims or portions thereof; (b) allow administrative claims to be paid in connection with any plan of reorganization approved in these cases pursuant to such a Reclamation Settlement that may be less than the amount of the Reclamation Demand; or (c) make agreed Reclamation Goods available for pick-up by the applicable Reclamation

Vendor; *provided* that any Reclamation Settlement shall be subject to the provisions of any order of this Court establishing procedures for the settlement of claims.

19. Receipt of payment on account of a Reclamation Claim or execution of a Reclamation Settlement shall constitute a waiver, release, discharge and satisfaction of any and all other claims (as defined in section 101(5) of the Bankruptcy Code), including any 503(b)(9) Claims (collectively, “**Claims**”), related to any and all reclamation rights or claims of the holder of the paid Reclamation Claim or the party to the Reclamation Settlement (together, the “**Reclamation Settling Party**”), against any of the Debtors, their affiliates and estates, and the Reclamation Settling Party shall be barred from asserting any and all other Claims whatsoever, whether known or unknown, presently existing, whether or not asserted, and whether found in fact or law or in equity, related to any and all such Reclamation Claims.

**C. Filing of the Reclamation Report**

20. No later than 120 days after entry of an order granting the relief requested herein, the Debtors shall file with the Court a report (the “**Reclamation Report**”) including the following information: (i) the names of the Reclamation Vendors, (ii) the date of each of the Reclamation Demands listed in the Reclamation Report, (iii) the basis upon which the Debtors believe that the Reclamation Demands are not legally valid, if applicable, (iv) a description of the Debtors’ proposed treatment of each of the Reclamation Demands identified in the Reclamation Report and (v) any defenses that the Debtors choose to reserve, notwithstanding any allowance of the Reclamation Demands; *provided* that the Debtors shall not assert that a Reclamation Demand submitted prior to entry of an order approving these Reclamation Procedures is not legally valid solely on

the ground that such Reclamation Demand was not served in accordance with the Reclamation Procedures.

21. On the date the Reclamation Report is filed with the Court, the Debtors shall send such Reclamation Report by facsimile, overnight or hand delivery, to the following parties (i) the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Elisabetta G. Gasparini and Paul K. Schwartzberg, (ii) attorneys for the administrative agents for the Debtors’ postpetition lenders, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky, and (b) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso and (iii) the attorneys for any official committee of unsecured creditors then appointed in these cases. The Reclamation Report shall also be sent, by U.S. mail, to each Reclamation Vendor whose Reclamation Demand is identified in the Reclamation Report.

**D. Objections**

22. The Debtors request that the deadline to file objections to the Reclamation Report be 4:00 p.m. (prevailing Eastern time) on the day that is 20 calendar days from the day on which the Reclamation Report is filed and served. Any objections must be received by (a) the Debtors, either by facsimile transmission to (314) 275-3626 or delivery to Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri 63141, Attn: Marguerite A. O’Connell, (b) the Debtors’ proposed notice and claim agent, GCG, Inc. (“**GCG**”), either by facsimile transmission to (855) 687-2627 or delivery to Patriot Coal Corporation, c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio, 43017 and (c) proposed counsel to the Debtors, Davis Polk & Wardwell LLP, either by

facsimile transmission to (212) 607-7983 or delivery to Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Brian M. Resnick and Michelle M. McGreal.

a. With respect to each Reclamation Demand in the Reclamation Report as to which no objection is timely received, the Debtors request that they be authorized, without further order of the court, to treat the Reclamation Demand as set forth in the Reclamation Report.

b. With respect to each Reclamation Demand in the Reclamation Report as to which an objection is timely received, and such objection is settled by the Debtors and the applicable Reclamation Vendor, the Debtors request that they be authorized, without further order of the court, to treat the agreed upon Reclamation Demand as an Allowed Reclamation Claim in accordance with the Reclamation Procedures, unless otherwise agreed by the parties.

c. With respect to any Reclamation Demand in the Reclamation Report as to which an objection is timely received, and such objection cannot be settled by the Debtors and the applicable Reclamation Vendor, the Debtors request that such Reclamation Demand(s) shall not be deemed allowed except upon order of the Court, after a hearing on such Reclamation Demand(s) to be requested by the Debtors.

**503(b)(9) Procedures**

23. The Debtors propose the following procedures (the “**503(b)(9) Procedures**” and, together with the Reclamation Procedures, the “**Procedures**”) with respect to all 503(b)(9) Demands:

**A. 503(b)(9) Demand**

a. Any 503(b)(9) Vendor asserting a 503(b)(9) Claim must prepare a proof of claim (a “**Proof of 503(b)(9) Claim**”) that sets forth (i) the particular goods (the “**503(b)(9) Goods**”) on which the Proof of 503(b)(9) Claim is based, (ii) the quantity or dollar value of the 503(b)(9) Goods, (iii) the date the 503(b)(9) Goods were delivered to the Debtors, (iv) the invoice numbers and/or purchase order numbers applicable to the 503(b)(9) Goods and (v) the basis for the 503(b)(9) Demand.

b. The Proof of 503(b)(9) Claim, accompanied by the applicable invoice(s), and bill(s) of lading or other documentation establishing proof of delivery and proof of the date of delivery of the 503(b)(9) Goods, must be mailed to the Debtors’ proposed notice and claim agent, GCG, Inc. (“**GCG**”), either by facsimile transmission to (855) 687-2627 or delivery to Patriot Coal Corporation, c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio, 43017, with a copy served on (i) the Debtors, Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri, 63141, Attn: Marguerite A. O’Connell, 503(b)(9) Claims and (ii) the proposed counsel to the Debtors, Davis Polk & Wardwell LLP, either by facsimile transmission to (212) 607-7983 or delivery to Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Brian M. Resnick and

Michelle M. McGreal, so as to be actually received no later than the general claims bar date as determined by order of this Court.

24. The Debtors submit that any entity that fails to timely submit a 503(b)(9) Demand pursuant to the 503(b)(9) Procedures shall be deemed to have irrevocably waived its right to payment on any purported 503(b)(9) Claim.

**B. Reconciliation Process for 503(b)(9) Claims**

25. As soon as practicable after the receipt of a 503(b)(9) Demand, the Debtors shall review the demand and evaluate (i) the legal sufficiency of the 503(b)(9) Demand, (ii) the invoice amount of the 503(b)(9) Goods and (iii) any setoffs, deductions, credits, and other defenses and claims that the Debtors may have against the party asserting the 503(b)(9) Demand.

26. If, at any point in the reconciliation process, the Debtors determine that a claim asserted in a 503(b)(9) Demand should be allowed (each, an “**Allowed 503(b)(9) Claim**”), the Debtors request that they be authorized, in their sole discretion, to grant the vendor that served the 503(b)(9) Demand (the “**503(b)(9) Vendor**”) an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases; *provided* that if at any point during these Procedures, a 503(b)(9) Claim is allowed as a Reclamation Claim (in accordance with the Reclamation Procedures), such 503(b)(9) Claim shall be deemed satisfied and shall not be provided for under, or subject to, the 503(b)(9) Procedures.

27. The Debtors request that they also be authorized, in their sole discretion, to (i) negotiate with 503(b)(9) Vendors whose 503(b)(9) Demands have not been reconciled in order to reach agreement (a “**503(b)(9) Settlement**”) regarding any unresolved claims or portions thereof and (ii) allow administrative claims to be paid in

connection with any plan of reorganization approved in these cases pursuant to such a 503(b)(9) Settlement that may be less than the amount of the 503(b)(9) Demand; *provided* that any 503(b)(9) Settlement shall be subject to the provisions of any order of this Court establishing procedures for the settlement of claims.

28. Receipt of payment on account of a 503(b)(9) Claim or execution of a 503(b)(9) Settlement shall constitute a waiver, release, discharge and satisfaction of any and all other Claims, including Reclamation Claims, related to any and all claims under Section 503(b)(9) of the Bankruptcy Code of the holder of the paid 503(b)(9) Claim or the party to the 503(b)(9) Settlement (together, the “**503(b)(9) Settling Party**”) against any of the Debtors, their affiliates and estates, and the 503(b)(9) Settling Party shall be barred from asserting any and all other Claims whatsoever, whether known or unknown, presently existing, whether or not asserted, and whether found in fact or law or in equity, related to any and all such claims.

**C. 503(b)(9) Reports**

29. No later than a date that is 75 days after the general claims bar date as determined by order of this court, the Debtors shall file with the Court a report (the “**503(b)(9) Report**”) including the following information: (i) the names of the 503(b)(9) Vendors, (ii) the date of each of the 503(b)(9) Demands listed in the 503(b)(9) Report, (iii) the basis upon which the Debtors believe that the 503(b)(9) Demands are not legally valid, if applicable, (iv) the Debtors’ proposed allowed amount, if any, for each of the 503(b)(9) Demands identified in the 503(b)(9) Report and (v) any defenses that the Debtors choose to reserve notwithstanding any allowance of the 503(b)(9) Demands.

30. On the date the 503(b)(9) Report is filed with the Court, the Debtors shall send such 503(b)(9) Report by facsimile, overnight or hand delivery, to the following

parties (i) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Elisabetta G. Gasparini and Paul K. Schwartzberg, (ii) attorneys for the administrative agents for the Debtors' postpetition lenders, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky, and (b) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso and (iii) the attorneys for any official committee of unsecured creditors then appointed in these cases. The 503(b)(9) Report shall also be sent, by U.S. mail, to each 503(b)(9) Vendor whose 503(b)(9) Demand is identified in the 503(b)(9) Report.

**D. Objections**

31. The Debtors request that the deadline to file objections to the 503(b)(9) Report shall be 4:00 p.m. (prevailing Eastern time) on the day that is 20 calendar days from the day on which the 503(b)(9) Report is filed and served. Any objections must be received by (a) the Debtors, either by facsimile transmission to (314) 275-3626 or delivery to Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri, 63141, Attn: Marguerite A. O'Connell, 503(b)(9) Claims, (b) the Debtors' proposed notice and claim agent, GCG, Inc. ("GCG"), either by facsimile transmission to (855) 687-2627 or delivery to Patriot Coal Corporation, c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio, 43017 and (c) proposed counsel to the Debtors, Davis Polk & Wardwell LLP, either by facsimile transmission to (212) 607-7983 or delivery to Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Brian M. Resnick and Michelle M. McGreal.

a. With respect to each 503(b)(9) Demand in the 503(b)(9) Report as to which no objection is timely received, the Debtors request that they be authorized,

without further order of the court, to treat the 503(b)(9) Demand as set forth in the 503(b)(9) Report.

b. With respect to each 503(b)(9) Demand in the 503(b)(9) Report as to which an objection is timely received, and such objection is settled by the Debtors and the applicable 503(b)(9) Vendor, the Debtors request that they be authorized, without further order of the court, to treat the agreed upon 503(b)(9) Demand as an Allowed 503(b)(9) Claim in accordance with the Procedures, unless otherwise agreed by the parties.

c. With respect to any 503(b)(9) Demand in the 503(b)(9) Report as to which an objection is timely received, and such objection cannot be settled by the Debtors and applicable 503(b)(9) Vendor, the Debtors request that such 503(b)(9) Demand(s) shall not be deemed allowed except upon order of the Court, after a hearing on such 503(b)(9) Demand(s) to be requested by the Debtors.

**Stay of Adversary Proceedings**

32. Pending completion of the Procedures, the Debtors propose that a standstill shall be in effect, such that Reclamation Vendors and 503(b)(9) Vendors may not take any action to establish the validity or amount of their Reclamation Demand or 503(b)(9) Demand (as applicable), including by the filing of an adversary proceeding, except pursuant to the Procedures. As to all parties that timely comply with the Procedures, the Debtors hereby waive their right to assert as a defense to a Reclamation Demand or 503(b)(9) Demand that the relevant Reclamation Vendor or 503(b)(9) Vendor has failed to promptly commence or prosecute an adversary proceeding to enforce its Reclamation Demand or 503(b)(9) Demand, without prejudice to any and all other rights,

claims and defenses that the Debtors may have with respect to the applicable Reclamation Demand or 503(b)(9) Demand.

33. The Debtors propose that the Procedures be the sole and exclusive method for the assertion, resolution, allowance, and satisfaction of Reclamation Claims and 503(b)(9) Claims and request that all Reclamation Vendors and 503(b)(9) Vendors be prohibited from invoking any other means therefor, including, without limitation, the filing of a motion for allowance, or to compel payment, of any Reclamation Claims or 503(b)(9) Claims.

**Claims Against Reclamation Vendors and  
503(b)(9) Vendors are Not Waived**

34. The Debtors also seek clarification that approval and implementation of the Procedures shall not constitute a waiver of any of the Debtors' claims against any Reclamation Vendor or 503(b)(9) Vendor, including claims relating to preferential or fraudulent transfers and other potential claims, counterclaims, or offsets. The Debtors expressly reserve their rights to pursue such claims. By requesting approval of the Procedures, the Debtors are not consenting or agreeing to the validity or enforceability of any reclamation or other rights of any party, the Debtors are not waiving any rights with respect to any Reclamation Demand or 503(b)(9) Demand, and the Debtors are reserving all rights to dispute and contest any Reclamation Demand or 503(b)(9) Demand.

**Implementation of the Procedures is in  
the Best Interests of the Debtors and Their Estates and Creditors**

35. Section 105(a) of the Bankruptcy Code provides in relevant part that “[t]he Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). The Debtors submit that

approval of the Procedures is appropriate and well within the Court's equitable powers under section 105(a) of the Bankruptcy Code.

36. Implementation of the Procedures is consistent with both the Bankruptcy Code and applicable state reclamation laws. The Procedures provide that, for Reclamation Vendors with valid Reclamation Demands, the Debtors will either (i) make the Reclamation Goods available for pick-up by the Reclamation Vendor or (ii) grant the Reclamation Vendor an administrative claim. The Procedures also provide that, for 503(b)(9) Vendors with valid 503(b)(9) Demands, the Debtors will grant the 503(b)(9) Vendor an administrative claim. In addition, the Procedures satisfy due process by providing interested parties with notice and an opportunity to object to the Debtors' designation of their Reclamation Demand or 503(b)(9) Demand.

37. Absent implementation of the streamlined Procedures, the Debtors would likely be subject to numerous claims and adversary proceedings, each of which would result in the unnecessary expenditure of time, effort, and money by the Debtors. Most importantly, any such litigation would be detrimental to the Debtors' business relationships and, therefore, to their successful reorganization. Accordingly, the Debtors submit that the Procedures are in the best interests of the estates.

38. Finally, procedures to address reclamation claims are routinely established in complex chapter 11 cases. *See, e.g., In re Pinnacle Airlines Corp.*, Case No. 12-11343 (REG) (Bankr. S.D.N.Y. May 8, 2012); *In re Eastman Kodak Co.*, Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. Feb. 16, 2012); *In re Hostess Brands, Inc.*, Case No. 12-22052 (RDD) (Bankr. S.D.N.Y. Jan. 27, 2012); *In re General Maritime Corp.*, Case No. 11-15285 (MG) (Bankr. S.D.N.Y. Dec. 15, 2011); *In re AMR Corp.*, Case No. 11-15463

(SHL) (Bankr. S.D.N.Y. Dec. 14, 2011); *In re The Great Atlantic & Pacific Tea Co.*, Case No. 10-24549 (RDD) (Bankr. S.D.N.Y. May 2, 2011); *In re Mesa Air Group*, Case No. 10-10018 (MG) (Bankr. S.D.N.Y. Feb. 25, 2010); *In re Lyondell Chemical Co.*, Case No. 09-10023 (REG) (Bankr. S.D.N.Y. Feb. 26, 2009); *In re Star Tribune Holdings Corp.*, Case No. 09-10244 (RDD) (Bankr. S.D.N.Y. Feb. 20, 2009); *In re Frontier Airlines Holdings, Inc.*, Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. Apr. 14, 2008); *In re Dana Corp.*, Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 3, 2006); *In re Delphi Corp.*, Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. Oct. 8, 2005); *In re Winn Dixie*, Case No. 05-11063 (RDD) (Bankr. S.D.N.Y. Feb. 21, 2005); *In re Loral Space & Commc'ns Ltd.*, Case No. 03-41710 (RDD) (Bankr. S.D.N.Y. July 16, 2003); *In re Ames Dept. Stores, Inc.*, Case No. 01-42217 through 01-42221 (REG) (Bankr. S.D.N.Y. Aug. 20, 2001); *In re Maidenform Worldwide, Inc.*, Case No. 97 B 44869 (CB) (Bankr. S.D.N.Y. July 22, 1997); *In re Caldor, Inc.*, Case No. 95 B 44080 (JLG) (Bankr. S.D.N.Y. Sept. 18, 1995); *In re NewPage Corp.*, Case No. 11-12804 (KG) (Bankr. D. Del. Oct. 4, 2011); *In re Hawaiian Airlines, Inc.*, Case No. 03-00817 (RJF) (Bankr. D. Haw. Mar. 21, 2003); *In re UAL Corp.*, Case No. 02-B-48191 (Bankr. N.D. Ill. Dec. 9, 2002); *In re U.S. Airways Group, Inc.*, Case No. 02-83984 (SSM) (Bankr. E.D.Va. Aug. 11, 2002); *In re Kmart Corp.*, Case No. 02-02474 (SPS) (Bankr. N.D. Ill. Jan. 22, 2002). The Debtors submit that their circumstances warrant similar relief.

39. Similarly, courts have also approved procedures to address 503(b)(9) claims in complex chapter 11 cases. *See, e.g., In re Pinnacle Airlines Corp.*, Case No. 12-11343 (REG) (Bankr. S.D.N.Y. May 8, 2012); *In re Eastman Kodak Co.*, Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. Feb. 16, 2012); *In re Hostess Brands, Inc.*, Case No.

12-22052 (RDD) (Bankr. S.D.N.Y. Jan. 27, 2012); *In re AMR Corp.*, Case No. 11-15463 (SHL) (Bankr. S.D.N.Y. Dec. 14, 2011).

40. Accordingly, the Debtors submit that their circumstances warrant similar relief.

#### **Notice**

41. Consistent with the Case Management Order, the Debtors will serve notice of this Motion on (a) the Core Parties, (b) the Non-ECF Service Parties (as those terms are defined in the Case Management Order) and (c) those creditors holding the 50 largest unsecured claims against the Debtors' estates on a consolidated basis. All parties who have requested electronic notice of filings in these cases through the Court's ECF system will automatically receive notice of this motion through the ECF system no later than the day after its filing with the Court. A copy of this motion and any order approving it will also be made available on the Debtors' Case Information Website (located at [www.PatriotCaseInfo.com](http://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.

#### **No Previous Request**

42. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as is just and proper.

Dated: New York, New York  
July 19, 2012

By: /s/ Damian S. Schaible

Marshall S. Huebner

Damian S. Schaible

Brian M. Resnick

Michelle M. McGreal

DAVIS POLK & WARDWELL LLP

450 Lexington Avenue

New York, New York 10017

Telephone: (212) 450-4000

Facsimile: (212) 607-7983

*Proposed Counsel to the Debtors  
and Debtors in Possession*

**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.<sup>1</sup>**

**Chapter 11**

**Case No. 12-12900 (SCC)**

**(Jointly Administered)**

**ORDER APPROVING PROCEDURES FOR THE ASSERTION,  
RESOLUTION AND TREATMENT OF RECLAMATION CLAIMS AND  
CLAIMS ASSERTED PURSUANT TO 11 U.S.C. § 503(b)(9)**

Upon the motion (the “**Motion**”)<sup>2</sup> of Patriot Coal Corporation. and its subsidiaries, that are debtors and debtors in possession (collectively, the “**Debtors**”), for authorization pursuant to sections 105(a), 503(b) and 546(c) of title 11 of the United States Code (the “**Bankruptcy Code**”) to establish procedures for the treatment of unpaid claims<sup>3</sup> pursuant to 546(c) (the “**Reclamation Claims**”) or 503(b)(9) (the “**503(b)(9) Claims**”), as more fully described in the Motion; and upon consideration of the Declaration of Mark N. Schroeder, Patriot Coal Corporation’s Senior Vice President and Chief Financial Officer, filed on July 9, 2012 [ECF No. 4]; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C.

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<sup>1</sup> 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.

<sup>2</sup> Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Motion.

<sup>3</sup> Certain vendors may receive payment on account of their prepetition claims pursuant to other orders of the Court. To the extent a Reclamation Vendor or a 503(b)(9) Vendor receives payment on account of its prepetition claim pursuant to any such other order, the Procedures shall not apply to such Reclamation Vendor or 503(b)(9) Vendor.

§§ 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 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 the relief requested in the Motion is hereby granted as set forth herein; and it is further

ORDERED that if the Procedures conflict with the Case Management Order, the Procedures shall control with respect to Reclamation Claims and 503(b)(9) Claims. In all other circumstances, except as otherwise provided by separate order, the Case Management Order shall govern; and it is further

ORDERED that neither the filing of this Motion nor any of the information contained therein shall constitute an admission of the solvency or insolvency of the Debtors, as of or prior to, the Petition Date; and it is further

ORDERED that pursuant to sections 105(a), 546(c) and 503(b)(9) of the Bankruptcy Code, the following procedures are hereby approved and shall be implemented throughout the Debtors' chapter 11 cases:

**Reclamation Procedures**

1. A Reclamation Demand shall not be valid unless:

**A. Reclamation Demand**

a. Parties wishing to make a Reclamation Demand shall fill out a Reclamation Claim Form, attached to the Motion as Exhibit B (the "**Reclamation Claim Form**"), identifying (i) the particular goods sought to be reclaimed (the "**Reclamation Goods**"), (ii) the quantity or dollar value of the Reclamation Goods, (iii) the date the Reclamation Goods were delivered to the Debtors, (iv) the invoice numbers and/or purchase order numbers applicable to the Reclamation Goods and (v) the basis for the Reclamation Demand;

b. The Reclamation Claim Form, accompanied by the applicable invoice(s), and bill(s) of lading or other documentation establishing proof of delivery and proof of the date of delivery of the Reclamation Goods, should be served and actually received by (i) the Debtors, either by facsimile transmission to (314) 275-3626 or delivery to Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri, 63141, Attn: Marguerite A. O'Connell, Reclamation Claims, (ii) the Debtors' proposed notice and claim agent, GCG, Inc. ("**GCG**"), either by facsimile transmission to (855) 687-2627 or delivery to Patriot Coal Corporation, c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio, 43017 and (iii) proposed counsel to the Debtors, Davis Polk & Wardwell LLP, either by facsimile transmission to (212) 607-7983 or delivery to Davis Polk &

Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Brian M.

Resnick and Michelle M. McGreal:

(i) before 45 days after the receipt of such Reclamation Goods by the Debtors, unless such 45th day is not a business day, in which case before the next business day; or

(ii) if such 45-day period expires after the Petition Date, before 20 days after the Petition Date, unless such 20th day is not a business day, in which case before the next business day.

2. Any entity that fails to timely submit a Reclamation Demand pursuant to the Reclamation Procedures shall be and hereby is deemed to have irrevocably waived its right to payment on any account of any purported Reclamation Claim;<sup>4</sup> *provided* that, to the extent that (i) a timely submitted Reclamation Demand does not provide all of the information required in the Reclamation Claim Form but (ii) such Reclamation Demand is otherwise valid under applicable law, then the Debtors shall use reasonable efforts to request the missing information from the Reclamation Vendor submitting such Reclamation Demand, and such Reclamation Vendor shall have 10 days from receipt of such request to provide such information to the Debtors.

**B. Reconciliation Process for Reclamation Claims**

3. As soon as practicable after the receipt of a Reclamation Demand, the Debtors shall review the demand and evaluate (i) the legal sufficiency of the Reclamation Demand, (ii) whether the Reclamation Goods were in the Debtors' possession when the

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<sup>4</sup> A vendor that fails to provide notice in the manner described in the Reclamation Procedures still may assert, in conformity with the 503(b)(9) Procedures, a 503(b)(9) Claim for goods sold to the Debtors in the ordinary course of the Debtors' businesses within the 20 days before the Petition Date.

Debtors received the Reclamation Demand, (iii) the invoice amount of the Reclamation Goods and (iv) any setoffs, deductions, credits, and other defenses and claims that the Debtors may have against the party asserting the Reclamation Demand.

4. If, at any point in the reconciliation process, the Debtors determine that a claim asserted in a Reclamation Demand should be allowed (each an “**Allowed Reclamation Claim**”), the Debtors are hereby authorized, in their sole discretion, to (i) make the Reclamation Goods available for pick-up by the seller that served the Reclamation Demand (the “**Reclamation Vendor**”) or (ii) grant the Reclamation Vendor an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases. If, at any point in the reconciliation process, the Debtors determine that a 503(b)(9) Claim that has been asserted in a Reclamation Demand should be an Allowed Reclamation Claim, the Debtors are hereby authorized, in their sole discretion, to grant such Reclamation Vendor an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases, and such administrative claim shall be in full satisfaction of such 503(b)(9) Claim and such Reclamation Vendor is hereby barred from later prosecuting such 503(b)(9) Claim.

5. The Debtors are also hereby authorized, in their sole discretion, to (a) negotiate with Reclamation Vendors whose Reclamation Demands have not been reconciled in order to reach agreement (a “**Reclamation Settlement**”) regarding any unresolved claims or portions thereof, (b) allow administrative claims to be paid in connection with any plan of reorganization approved in these cases pursuant to such a Reclamation Settlement that may be less than the amount of the Reclamation Demand or (c) make agreed Reclamation Goods available for pick-up by the applicable Reclamation

Vendor; *provided* that any Reclamation Settlement shall be subject to the provisions of any order of this Court establishing procedures for the settlement of claims.

6. Receipt of payment on account of a Reclamation Claim or execution of a Reclamation Settlement shall constitute a waiver, release, discharge and satisfaction of any and all other claims (as defined in section 101(5) of the Bankruptcy Code), including any 503(b)(9) Claims (collectively, “**Claims**”), related to any and all reclamation rights or claims of the holder of the paid Reclamation Claim or the party to the Reclamation Settlement (together, the “**Reclamation Settling Party**”), against any of the Debtors, their affiliates and estates, and the Reclamation Settling Party are hereby be barred from asserting any and all other Claims whatsoever, whether known or unknown, presently existing, whether or not asserted, and whether found in fact or law or in equity, related to any and all such Reclamation Claims.

**C. Reclamation Report**

7. No later than 120 days after entry of this Order, the Debtors shall file with the Court a report (the “**Reclamation Report**”) including the following information: (i) the names of the Reclamation Vendors, (ii) the date of each of the Reclamation Demands listed in the Reclamation Report, (iii) the basis upon which the Debtors believe that the Reclamation Demands are not legally valid, if applicable, (iv) a description of the Debtors’ proposed treatment of each of the Reclamation Demands identified in the Reclamation Report and (v) any defenses that the Debtors choose to reserve, notwithstanding any allowance of the Reclamation Demands; *provided* that the Debtors shall not assert that a Reclamation Demand submitted prior to entry of this Order is not

legally valid solely on the ground that such Reclamation Demand was not served in accordance with the Reclamation Procedures.

8. On the date the Reclamation Report is filed with the Court, the Debtors shall send such Reclamation Report by facsimile, overnight or hand delivery, to the following parties (i) the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Elisabetta G. Gasparini and Paul K. Schwartzberg, (ii) attorneys for the administrative agents for the Debtors’ postpetition lenders, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky, and (b) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso and (iii) the attorneys for any official committee of unsecured creditors then appointed in these cases. The Reclamation Report shall also be sent, by U.S. mail, to each Reclamation Vendor whose Reclamation Demand is identified in the Reclamation Report.

**D. Objections**

9. The deadline to file objections to the Reclamation Report shall be 4:00 p.m. (prevailing Eastern time) on the day that is 20 calendar days from the day on which the Reclamation Report is filed and served. Any objections must be received by (a) the Debtors, either by facsimile transmission to (314) 275-3626 or delivery to Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri, 63141, Attn: Marguerite A. O’Connell, Reclamation Claims, (b) the Debtors’ proposed notice and claim agent, GCG, Inc. (“**GCG**”), either by facsimile transmission to (855) 687-2627 or delivery to Patriot Coal Corporation, c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio, 43017

and (c) proposed counsel to the Debtors, Davis Polk & Wardwell LLP, either by facsimile transmission to (212) 607-7983 or delivery to Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Brian M. Resnick and Michelle M. McGreal.

a. With respect to each Reclamation Demand in the Reclamation Report as to which no objection is timely received, the Debtors are hereby authorized, without further order of the court, to treat the Reclamation Demand as set forth in the Reclamation Report.

b. With respect to each Reclamation Demand in the Reclamation Report as to which an objection is timely received, and such objection is settled by the Debtors and the applicable Reclamation Vendor, the Debtors are hereby authorized, without further order of the court, to treat the agreed upon Reclamation Demand as an Allowed Reclamation Claim in accordance with the Reclamation Procedures, unless otherwise agreed by the parties.

c. With respect to any Reclamation Demand in the Reclamation Report as to which an objection is timely received, and such objection cannot be settled by the Debtors and the applicable Reclamation Vendor, such Reclamation Demand(s) shall not be deemed allowed except upon order of the Court, after a hearing on such Reclamation Demand(s) is requested by the Debtors.

**503(b)(9) Procedures**

10. The following Procedures shall be implemented with respect to all 503(b)(9) Demands:

**A. 503(b)(9) Demand**

a. Any 503(b)(9) Vendor asserting a 503(b)(9) Claim must prepare a proof of claim (a “**Proof of 503(b)(9) Claim**”) that sets forth (i) the particular goods (the “**503(b)(9) Goods**”) on which the Proof of 503(b)(9) Claim is based, (ii) the quantity or dollar value of the Goods, (iii) the date the 503(b)(9) Goods were delivered to the Debtors, (iv) the invoice numbers and/or purchase order numbers applicable to the 503(b)(9) Goods and (v) the basis for the 503(b)(9) Demand.

b. The Proof of 503(b)(9) Claim, accompanied by the applicable invoice(s), and bill(s) of lading or other documentation establishing proof of delivery and proof of the date of delivery of the 503(b)(9) Goods, must be mailed to the Debtors’ proposed notice and claim agent, GCG, Inc. (“**GCG**”), either by facsimile transmission to (855) 687-2627 or delivery to Patriot Coal Corporation, c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio, 43017, with a copy served on (i) the Debtors, Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri, 63141, Attn: Marguerite A. O’Connell, 503(b)(9) Claims and (ii) proposed counsel to the Debtors, Davis Polk & Wardwell LLP, either by facsimile transmission to (212) 607-7983 or delivery to Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Brian M. Resnick and Michelle M. McGreal, so as to be actually received no later than the general claims bar date as determined by order of this Court.

11. Any entity that fails to timely submit a 503(b)(9) Demand pursuant to the 503(b)(9) Procedures shall be and hereby is deemed to have irrevocably waived its right to payment on any purported 503(b)(9) Claim.

**B. Reconciliation Process for 503(b)(9) Claims**

12. As soon as practicable after the receipt of a 503(b)(9) Demand, the Debtors shall review the demand and evaluate (i) the legal sufficiency of the 503(b)(9) Demand, (ii) the invoice amount of the 503(b)(9) Goods and (iii) any setoffs, deductions, credits, and other defenses and claims that the Debtors may have against the party asserting the 503(b)(9) Demand.

13. If, at any point in the reconciliation process, the Debtors determine that a claim asserted in a 503(b)(9) Demand should be allowed (each, an “**Allowed 503(b)(9) Claim**”), the Debtors are hereby authorized, in their sole discretion, to grant the vendor that served the 503(b)(9) Demand (the “**503(b)(9) Vendor**”) an administrative claim to be paid pursuant to any plan of reorganization confirmed in these chapter 11 cases; *provided* that if at any point during these Procedures, a 503(b)(9) Claim is allowed as a Reclamation Claim (in accordance with the Reclamation Procedures), such 503(b)(9) Claim shall be deemed satisfied and shall not be provided for under, or subject to, the 503(b)(9) Procedures.

14. The Debtors are also hereby authorized, in their sole discretion, to (i) negotiate with 503(b)(9) Vendors whose 503(b)(9) Demands have not been reconciled in order to reach agreement (a “**503(b)(9) Settlement**”) regarding any unresolved claims or portions thereof and (ii) allow administrative claims to be paid in connection with any plan of reorganization approved in these cases pursuant to such a 503(b)(9) Settlement that may be less than the amount of the 503(b)(9) Demand; *provided* that any 503(b)(9) Settlement shall be subject to the provisions of any order of this Court establishing procedures for the settlement of claims.

15. Receipt of payment on account of a 503(b)(9) Claim or execution a 503(b)(9) Settlement shall constitute a waiver, release, discharge and satisfaction of any and all other Claims, including Reclamation Claims, related to any and all claims under section 503(b)(9) of the Bankruptcy Code of the holder of the paid 503(b)(9) Claim or the party to the 503(b)(9) Settlement (together, the “**503(b)(9) Settling Party**”) against any of the Debtors, their affiliates and estates, and the 503(b)(9) Settling Party is hereby barred from asserting any and all other Claims whatsoever, whether known or unknown, presently existing, whether or not asserted, and whether found in fact or law or in equity, related to any and all such claims.

**C. 503(b)(9) Reports**

16. No later than a date that is 75 days after the general claims bar date as determined by order of this court, the Debtors shall file with the Court a report (the “**503(b)(9) Report**”) including the following information: (i) the names of the 503(b)(9) Vendors, (ii) the date of each of the 503(b)(9) Demands listed in the 503(b)(9) Report, (iii) the basis upon which the Debtors believe that the 503(b)(9) Demands are not legally valid, if applicable, (iv) the Debtors’ proposed allowed amount, if any, for each of the 503(b)(9) Demands identified in the 503(b)(9) Report and (v) any defenses that the Debtors choose to reserve notwithstanding any allowance of the 503(b)(9) Demands.

17. On the date the 503(b)(9) Report is filed with the Court, the Debtors shall send such 503(b)(9) Report by facsimile, overnight or hand delivery, to the following parties (i) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Elisabetta G. Gasparini and Paul K. Schwartzberg, (ii) the attorneys for the administrative agents for the Debtors’ postpetition lenders, (a) Weil, Gotshal & Manges

LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky, and (b) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso and (iii) the attorneys for any official committee of unsecured creditors then appointed in these cases. The 503(b)(9) Report shall also be sent, by U.S. mail, to each 503(b)(9) Vendor whose 503(b)(9) Demand is identified in the 503(b)(9) Report.

**D. Objections**

18. The deadline to file objections to the 503(b)(9) Report shall be 4:00 p.m. (prevailing Eastern time) on the day that is 20 calendar days from the day on which the 503(b)(9) Report is filed and served. Any objections must be received by (a) the Debtors, either by facsimile transmission to (314) 275-3626 or delivery to Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri, 63141, Attn: Marguerite A. O'Connell, 503(b)(9) Claims, (b) the Debtors' proposed notice and claim agent, GCG, Inc. ("GCG"), either by facsimile transmission to (855) 687-2627 or delivery to Patriot Coal Corporation, c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio, 43017 and (c) proposed counsel to the Debtors, Davis Polk & Wardwell LLP, either by facsimile transmission to (212) 607-7983 or delivery to Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Brian M. Resnick and Michelle M. McGreal.

a. With respect to each 503(b)(9) Demand in the 503(b)(9) Report as to which no objection is timely received, the Debtors are hereby authorized, without further order of the court, to treat the 503(b)(9) Demand as set forth in the 503(b)(9) Report.

b. With respect to each 503(b)(9) Demand in the 503(b)(9) Report as to which an objection is timely received, and such objection is settled by the Debtors and the applicable 503(b)(9) Vendor, the Debtors are hereby authorized, without further order of the court, to treat the agreed upon 503(b)(9) Demand as an Allowed 503(b)(9) Claim in accordance with the Procedures, unless otherwise agreed by the parties.

c. With respect to any 503(b)(9) Demand in the 503(b)(9) Report as to which an objection is timely received, and such objection cannot be settled by the Debtors and the applicable 503(b)(9) Vendor, such 503(b)(9) Demand(s) shall not be deemed allowed except upon order of the Court, after a hearing on such 503(b)(9) Demand(s) to be requested by the Debtors.

#### **Stay of Adversary Proceedings**

19. Pending completion of the Procedures, a standstill shall be in effect, such that Reclamation Vendors and 503(b)(9) Vendors may not take any action to establish the validity or amount of their Reclamation Demand or 503(b)(9) Demand (as applicable), including by the filing of an adversary proceeding, except pursuant to the Procedures. As to all parties that timely comply with the Procedures, the Debtors hereby waive their right to assert as a defense to a Reclamation Demand or 503(b)(9) Demand that the relevant Reclamation Vendor or 503(b)(9) Vendor has failed to promptly commence or prosecute an adversary proceeding to enforce its Reclamation Demand or 503(b)(9) Demand, without prejudice to any and all other rights, claims and defenses that the Debtors may have with respect to the applicable Reclamation Demand or 503(b)(9) Demand.

20. The Procedures shall be the sole and exclusive method for the assertion, resolution, allowance, and satisfaction of Reclamation Claims and 503(b)(9) Claims; and

all Reclamation Vendors and 503(b)(9) Vendors are hereby prohibited from invoking any other means therefor, including, without limitation, the filing of a motion for allowance, or to compel payment, of any Reclamation Claims or 503(b)(9) Claims.

**Claims Against Reclamation Vendors  
and 503(b)(9) Vendors are Not Waived**

21. By requesting approval of the Procedures, the Debtors are not consenting or agreeing to the validity or enforceability of any reclamation or other rights of any party, the Debtors are not waiving any rights with respect to any Reclamation Demand or 503(b)(9) Demand, and the Debtors are reserving all rights to dispute and contest any Reclamation Demand or 503(b)(9) Demand; and it is further

ORDERED that nothing in this Order shall constitute a waiver of any of the Debtors' claims against any Reclamation Vendor or 503(b)(9) Vendor, including claims relating to preferential or fraudulent transfers and other potential claims, counterclaims, or offsets. The Debtors expressly reserve their rights to pursue such claims; and it is further

ORDERED that notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion; and it is further

ORDERED that to the extent that there may be any inconsistency between the terms of the interim or final order approving the Debtors' postpetition lending facility (the "**DIP Facility**"), if and when entered, and this Order, the terms of the interim or final order approving the DIP Facility, as applicable, shall govern; 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: New York, New York

\_\_\_\_\_, 2012

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THE HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE

## **Exhibit B**

