

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11
Case No. 12-51502-659
(Jointly Administered)

Objection Deadline:
December 5, 2013 at 4:00 p.m.
(prevailing Central Time)

NOTICE OF CLAIMS SETTLEMENT AGREEMENT

PLEASE TAKE NOTICE that, pursuant to the Order Authorizing and Approving Procedures for Compromise and Settlement of Certain Claims, Litigations and Causes of Action [ECF No. 2821] (the “**Claims Settlement Order**”), the Debtors hereby file this notice (the “**Settlement Notice**”) of a proposed settlement agreement between the Debtors and Drummond Coal Sales, Inc.² (“**Drummond**”) pursuant to “Tier III” of the Claims Settlement Order (the “**Proposed Settlement Agreement**”), attached hereto as Annex A. Among other things, the Proposed Settlement Agreement settles the prepetition claims asserted by Drummond against certain Debtors as set forth in the Proposed Settlement Agreement (together, the “**Claims**”). In exchange for the allowed unsecured claims set forth in the Proposed Settlement Agreement, Drummond will fully, finally and forever waive, release and/or discharge the Debtors from the Claims.

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 Drummond is neither an insider nor an affiliate of Peabody Energy Corporation or Arch Coal, Inc., as those terms are defined under section 101 of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that, in accordance with the Claims Settlement Order, this Settlement Notice and Proposed Settlement Agreement shall be served on (i) the Core Parties (as defined in the Order Establishing Certain Notice, Case Management and Administrative Procedures [ECF No. 3361]) and (ii) Drummond.

PLEASE TAKE FURTHER NOTICE that any objections (“**Objections**”) will be considered properly filed and served only if they are filed with the Court and actually received by the following parties on or before **December 5, 2013 at 4:00 p.m. (prevailing Central Time)**: (i) counsel to the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Brian M. Resnick and Michelle M. McGreal, (ii) attorneys for the administrative agents for the Debtors’ postpetition lenders, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky and Wilkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso and (iii) attorneys for the official committee of unsecured creditors, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Thomas Moers Mayer, Adam C. Rogoff and Gregory G. Plotko.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Claims Settlement Order, if no Objections are timely filed, the Proposed Settlement Agreement shall immediately become final and effective without any further action by the Court.

Dated: November 25, 2013
St. Louis, Missouri

Respectfully submitted,

BRYAN CAVE LLP

/s/ Brian C. Walsh

Lloyd A. Palans, #22650MO
Brian C. Walsh, #58091MO
Laura Uberti Hughes, #60732MO
One Metropolitan Square
211 N. Broadway, Suite 3600
St. Louis, Missouri 63102
Telephone: (314) 259-2000
Facsimile: (314) 259-2020

*Local Counsel to the Debtors
and Debtors in Possession*

-and-

DAVIS POLK & WARDWELL LLP

Marshall S. Huebner
Brian M. Resnick
Michelle M. McGreal
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 607-7983

*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. Brody Mining, LLC
11. Brook Trout Coal, LLC
12. Catenary Coal Company, LLC
13. Central States Coal Reserves of Kentucky, LLC
14. Charles Coal Company, LLC
15. Cleaton Coal Company
16. Coal Clean LLC
17. Coal Properties, LLC
18. Coal Reserve Holding Limited Liability Company No. 2
19. Colony Bay Coal Company
20. Cook Mountain Coal Company, LLC
21. Corydon Resources LLC
22. Coventry Mining Services, LLC
23. Coyote Coal Company LLC
24. Cub Branch Coal Company LLC
25. Dakota LLC
26. Day LLC
27. Dixon Mining Company, LLC
28. Dodge Hill Holding JV, LLC
29. Dodge Hill Mining Company, LLC
30. Dodge Hill of Kentucky, LLC
31. EACC Camps, Inc.
32. Eastern Associated Coal, LLC
33. Eastern Coal Company, LLC
34. Eastern Royalty, LLC
35. Emerald Processing, L.L.C.
36. Gateway Eagle Coal Company, LLC
37. Grand Eagle Mining, LLC
38. Heritage Coal Company LLC
39. Highland Mining Company, LLC
40. Hillside Mining Company
41. Hobet Mining, LLC
42. Indian Hill Company LLC
43. Infinity Coal Sales, LLC
44. Interior Holdings, LLC
45. IO Coal LLC
46. Jarrell's Branch Coal Company
47. Jupiter Holdings LLC
48. Kanawha Eagle Coal, LLC
49. Kanawha River Ventures I, LLC
50. Kanawha River Ventures II, LLC
51. Kanawha River Ventures III, LLC
52. KE Ventures LLC
53. Little Creek LLC
54. Logan Fork Coal Company
55. Magnum Coal Company LLC
56. Magnum Coal Sales LLC
57. Martinka Coal Company, LLC
58. Midland Trail Energy LLC
59. Midwest Coal Resources II, LLC
60. Mountain View Coal Company, LLC
61. New Trout Coal Holdings II, LLC
62. Newtown Energy, Inc.
63. North Page Coal Corp.
64. Ohio County Coal Company, LLC
65. Panther LLC
66. Patriot Beaver Dam Holdings, LLC
67. Patriot Coal Company, L.P.
68. Patriot Coal Corporation
69. Patriot Coal Sales LLC
70. Patriot Coal Services LLC
71. Patriot Leasing Company LLC
72. Patriot Midwest Holdings, LLC
73. Patriot Reserve Holdings, LLC
74. Patriot Trading LLC
75. Patriot Ventures LLC
76. PCX Enterprises, Inc.
77. Pine Ridge Coal Company, LLC
78. Pond Creek Land Resources, LLC
79. Pond Fork Processing LLC
80. Remington Holdings LLC
81. Remington II LLC
82. Remington LLC
83. Rivers Edge Mining, Inc.
84. Robin Land Company, LLC
85. Sentry Mining, LLC
86. Snowberry Land Company
87. Speed Mining LLC
88. Sterling Smokeless Coal Company, LLC
89. TC Sales Company, LLC
90. The Presidents Energy Company LLC
91. Thunderhill Coal LLC
92. Trout Coal Holdings, LLC
93. Union County Coal Co., LLC
94. Viper LLC
95. Weatherby Processing LLC
96. Wildcat Energy LLC
97. Wildcat, LLC
98. Will Scarlet Properties LLC
99. Winchester LLC
100. Winifrede Dock Limited Liability Company
101. Yankeetown Dock, LLC

Annex A: Proposed Settlement Agreement

**SETTLEMENT AGREEMENT AMONG
DRUMMOND COAL SALES, INC., PATRIOT COAL CORPORATION
AND PATRIOT COAL SALES LLC
RESOLVING CERTAIN PROOFS OF CLAIM**

WHEREAS, Patriot Coal Corporation and its debtor subsidiaries (collectively, the “**Debtors**”) each filed voluntary petitions under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) on July 9, 2012 or September 23, 2013 (as applicable, the “**Petition Date**”), and have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code; and

WHEREAS, the Debtors are authorized under the Order Authorizing and Approving Procedures For Compromise and Settlement of Certain Claims, Litigations and Causes Of Action dated February 13, 2013 (the “**Settlement Procedures Order**”) to enter into this settlement agreement (the “**Agreement**”); and

WHEREAS, the parties desire to settle their disputes regarding the amount and allowance of two (2) proofs of claim filed by Drummond Coal Sales, Inc. (the “**Claimant**”) against Patriot Coal Corporation (“**Patriot Coal**”) and Patriot Coal Sales LLC (“**PCS**”) on December 14, 2012, which claims have been assigned (i) GCG Claim Nos. 3672 and 3673 and (ii) E.D. Mo. Claim Nos. 2302 and 2303 (the “**Claims**”); and

WHEREAS, the parties wish to resolve the Claims in their entirety by this Agreement;

NOW, THEREFORE, IT IS HEREBY AGREED, subject to and in accordance with the Settlement Procedures Order and the notice provisions therein, by and between the parties, as follows:

1. In full and final satisfaction of the Claims, the Claims shall be treated as follows:
 - GCG Claim No. 3672 (E.D. Mo. Claim No. 2302), filed in the amount of \$29,550,000.00, shall be ALLOWED as a general unsecured claim in the amount of \$15,000,000.00 against Patriot Coal and DISALLOWED otherwise.

- GCG Claim No. 3673 (E.D. Mo. Claim No. 2303), filed in the amount of \$29,550,000.00, shall be ALLOWED as a general unsecured claim in the amount of \$15,000,000.00 against PCS and DISALLOWED otherwise.
- Any vote by the Claimant to accept or reject the Debtors' Third Amended Joint Plan of Reorganization shall be tabulated accordingly, regardless of the amount pre-printed on any ballot served on the Claimant or the status of the approval of this Agreement at the time of the Claimant's execution of a ballot.

2. It is expressly understood by the parties that the Claimant may seek satisfaction of the Claims only as set forth herein, and that in no event will the Debtors, their estates or any persons who are employed or otherwise associated with the Debtors be liable to the Claimant in any other way whatsoever with respect to the Claims or the debts, obligations, liabilities, accounts, suits, damages or causes of action giving rise to the Claims.

3. Except as expressly agreed herein, the Claimant, on behalf of itself and any heirs, successors, assigns, affiliates, officers, directors, shareholders, associates, parents, subsidiaries, predecessors, successors, employees, attorneys and agents (collectively, the "**Claimant Released Parties**"), on the one hand, and the Debtors, on behalf of themselves, their estates and any heirs, successors, assigns, affiliates, officers, directors, shareholders, associates, parents, subsidiaries, predecessors, successors, employees, attorneys and agents (collectively, the "**Debtor Released Parties**"), on the other hand, do hereby fully, finally and forever release and discharge each other from all claims, actions, causes of action, suits, debts, obligations, liabilities, accounts, damages, defenses or demands whatsoever, known or unknown, which any of the Claimant Released Parties and the Debtor Released Parties have or ever had against each other based on or relating to any act, omission, transaction, event, or other occurrence taking place on or prior to the date of this Agreement and in any way relating to the Claims or the facts from which the Claims arose or on which they are based.

4. Nothing contained herein shall be deemed an admission of liability on the part of the Debtors with respect to the Claims.

5. Neither this Agreement, nor any statement made or action taken in connection with the negotiation of this Agreement, shall be offered or received in evidence or in any way referred to in any legal action or administrative proceeding among or between the parties hereto, other than as may be necessary (a) to obtain approval of and to enforce this Agreement or (b) to seek damages or injunctive relief in connection therewith.

6. The parties shall maintain the confidentiality of this Agreement except to the extent necessary to enforce this Agreement or to comply with the Settlement Procedures Order.

7. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary or appropriate in conjunction with the performance of their respective obligations hereunder.

8. No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any person other than the parties hereto and their respective successors.

9. This Agreement shall be governed by the internal laws of the State of New York.

10. This Agreement may be signed in counterpart originals and delivered by facsimile or email, which, when fully executed, shall constitute a single original.

11. This Agreement constitutes the entire agreement and understanding of the parties regarding the Agreement and the subject matter thereof. The terms set forth in this Agreement are part of a compromise and each element is an integral aspect of the agreed settlement and is non-severable.

12. The United States Bankruptcy Court for the Eastern District of Missouri shall retain jurisdiction (and the parties consent to such retention of jurisdiction) with respect to any disputes arising from or other actions to interpret administer or enforce the terms and provisions of this Agreement.

13. Each person who executes this Agreement represents that he or she is duly authorized to execute this Agreement.

14. Subject only to the notice required and the objection rights in the Settlement Procedures Order, this Agreement is effective upon execution by both parties and shall not be modified, altered, amended or vacated without written consent of all parties hereto.

15. Immediately upon the effectiveness of this Agreement, the Debtors' claims and noticing agent and the Clerk of the United States Bankruptcy Court for the Eastern District of Missouri are authorized and directed to amend their claims registers accordingly.

Dated: Vestavia Hills, Alabama
November __, 2013

Dated: St. Louis, Missouri
November __, 2013

DRUMMOND COAL SALES, INC.

PATRIOT COAL CORPORATION
PATRIOT COAL SALES LLC

By: _____
George E. Wilbanks
1000 Urban Center Parkway, Suite 205
Vestavia Hills, AL 35242

By: _____
Robert L. Mead
12312 Olive Blvd.
St. Louis, MO 63141