

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

In re:

WALTER ENERGY, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 15-02741-TOM11

Joint Administration Requested

**INTERIM ORDER (A) AUTHORIZING THE DEBTORS TO
CONTINUE AND RENEW THEIR SURETY BOND PROGRAM
AND (B) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “Motion”)² of Walter Energy, Inc. and its affiliated debtors and debtors-in-possession in the above captioned cases (each a “Debtor” and collectively, the “Debtors”), requesting entry of interim and final orders pursuant to sections 363 and 364 of the Bankruptcy Code and Bankruptcy Rules 4001, 6003 and 6004 (a) authorizing the Debtors to maintain, continue and renew, in their sole and absolute discretion, their Surety Bond Program on an uninterrupted basis and in accordance with the same practices and procedures as were in effect before the Petition Date, all as more fully described in the Motion, and (b) granting related relief; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these cases and

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Walter Energy, Inc. (9953); Atlantic Development and Capital, LLC (8121); Atlantic Leaseco, LLC (5308); Blue Creek Coal Sales, Inc. (6986); Blue Creek Energy, Inc. (0986); J.W. Walter, Inc. (0648); Jefferson Warrior Railroad Company, Inc. (3200); Jim Walter Homes, LLC (4589); Jim Walter Resources, Inc. (1186); Maple Coal Co., LLC (6791); Sloss-Sheffield Steel & Iron Company (4884); SP Machine, Inc. (9945); Taft Coal Sales & Associates, Inc. (8731); Tuscaloosa Resources, Inc. (4869); V Manufacturing Company (9790); Walter Black Warrior Basin LLC (5973); Walter Coke, Inc. (9791); Walter Energy Holdings, LLC (1596); Walter Exploration & Production LLC (5786); Walter Home Improvement, Inc. (1633); Walter Land Company (7709); Walter Minerals, Inc. (9714); and Walter Natural Gas, LLC (1198). The location of the Debtors’ corporate headquarters is 3000 Riverchase Galleria, Suite 1700, Birmingham, Alabama 35244-2359.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.



the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that adequate and proper notice of the Motion has been given and that no other or further notice need be given; and a hearing having been held to consider the relief requested in the Motion; 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 Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and the legal and factual bases set forth in the Motion having established just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor; it is hereby ORDERED that:

1. The Motion is GRANTED on an INTERIM BASIS to the extent provided herein.
2. The Debtors are, in their sole and absolute discretion, authorized and empowered to maintain their Surety Bond Program on an uninterrupted basis and in accordance with the same practices and procedures as were in effect prior to the Petition Date.
3. The Debtors are hereby authorized, but not required, to honor each of the Indemnity Agreements.
4. The Debtors are, in their sole and absolute discretion, authorized, but not required, to pay all amounts arising under the Surety Bond Program, due and payable after the Petition Date; *provided*, however, that, prior to entry of a Final Order, the Debtors will not pay prepetition Indemnity Obligations, if any.
5. The Debtors are, in their sole and absolute discretion, authorized, but not required, to renew existing surety bonds, increase or decrease the size of any such surety bonds and obtain new surety bonds and execute any other agreements in connection with Surety Bond Program and all related instruments, documents and papers and to take all actions reasonably appropriate

with respect thereto, in each case in accordance with the applicable documents governing the Surety Bond Program.

6. Any payment made or to be made under this Interim Order, and any authorization contained in this Interim Order, shall be subject to the terms of the Interim Cash Collateral Order and related final order.

7. Notwithstanding anything contained herein to the contrary, the Debtors are authorized but not required, in accordance with the terms of the Interim Cash Collateral Order and related final order and with the consent of the Steering Committee, such consent not to be unreasonably withheld, to provide cash collateral to the Issuers to secure Indemnity Obligations on surety bonds that are issued or renewed after the Petition Date or to governmental units or agencies to secure permitting or other obligations owed to them.

8. The failure to specifically describe or include any particular feature of the Surety Bond Program in the Motion or this Interim Order shall not diminish or impair the effectiveness of such feature, it being the intent of this Court that the Surety Bond Program be approved in its entirety.

9. Nothing in this Interim Order or the Motion shall be construed as prejudicing the rights of the Debtors, or any of them, to dispute or contest the amount of or basis for any claims against the Debtors in connection with or relating to the Surety Bond Program.

10. Nothing in this Interim Order determines whether or not any surety bond or related agreement is an executory contract within the meaning of section 365 of the Bankruptcy Code.

11. To the extent any surety bond or related agreement is deemed an executory contract within the meaning of section 365 of the Bankruptcy Code, neither this Interim Order

nor any payments made in accordance with this Interim Order shall constitute the assumption of those surety bonds or related agreements under section 365 of the Bankruptcy Code.

12. The Debtors are authorized to renew, replace or increase any letters of credit in favor of the Issuers, subject to the consent of the Steering Committee, such consent not to be unreasonably withheld.

13. The extension of credit by any of the Issuers or the Debtors' prepetition lenders, or any of them, to the Debtors, or any of them, under the Surety Bond Program and pursuant to this Interim Order is in good faith under section 364(e) of the Bankruptcy Code, and the Issuers and the Debtors' prepetition lenders are entitled to the full protections and rights afforded by section 364(e) with respect to the Surety Bond Program and any actions taken in reliance upon this Interim Order.

14. Except as specifically set forth herein, nothing contained in this Interim Order shall (a) convert the priority of any claim from a prepetition claim into an administrative expense claim, (b) create or enhance any rights or status of any claim held by any person or entity, or (c) acknowledge, grant, or otherwise permit any right of offset or recoupment by a non-Debtor with respect to any claim asserted against a Debtor.

15. Within three (3) business days of the entry of this Interim Order, the Debtors shall serve a copy of this Interim Order and the Motion on the following: (i) the Office of the Bankruptcy Administrator for the Northern District of Alabama; (ii) counsel to the administrative agent for the Debtors' prepetition secured credit facility; (iii) the indenture trustee for each of the Debtors' outstanding bond issuances; (iv) counsel to the steering committee of first lien debt holders; (v) the Internal Revenue Service; (vi) the Securities and Exchange Commission; (vii) the U.S. Environmental Protection Agency; (viii) the U.S. Attorney for the Northern District

of Alabama; (ix) counsel to the UMWA; (x) the USW; (xi) the holders of the fifty (50) largest unsecured claims against the Debtors, on a consolidated basis; (xii) all persons and entities that have filed a request for service of filings in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002 (xiii) Arch Insurance Company; (xiv) Aspen American Insurance Company; and (xv) the Issuers and Obligees set forth on Exhibit C attached to this Motion.

16. Any objection to the entry of the Final Order must be filed with the Court and served on the following parties: (i) counsel to the Debtors, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: Kelley Cornish (email: kcornish@paulweiss.com) and Claudia Tobler (email: ctobler@paulweiss.com) and Bradley Arant Boult Cummings LLP, One Federal Place, 1819 Fifth Avenue North, Birmingham, Alabama 35203, Attention: Jay Bender (email: jbender@babco.com) and James Bailey (email: jbailey@babco.com); (ii) the Office of the Bankruptcy Administrator for the Northern District of Alabama, 1800 Fifth Avenue North, Birmingham, Alabama 35203, Attention: Tom Corbett (email: Thomas_corbett@alnb.uscourts.gov) and Jon Dudeck (email: jon_dudeck@alnb.uscourts.gov); (iii) counsel to the Steering Committee, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attention: Ira Dizengoff (email: idizengoff@akingump.com), Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Ave, N.W., Washington, DC 20036, Attention: James Savin (email: jsavin@akingump.com) and Burr Forman, 420 North 20th Street, Suite 3400, Birmingham, Alabama 35203, Attention: Michael L. Hall (email: mhall@burr.com) and D. Christopher Carson (email: ccarson@burr.com); (iv) counsel to the administrative agent for the Debtors' prepetition secured credit facility; (v) counsel to any statutory committee appointed in these cases; (vi) counsel to Aspen American Insurance Company, Chiesa Shahinian & Giantomasi PC,

One Boland Drive, West Orange, New Jersey 07052, Attention: Scott A. Zuber (email szuber@csglaw.com) and Armen Shahinian (email ashahinian@csglaw.com) and Jones Walker LLP, One Federal Place, 1819 Fifth Avenue North, Suite 1100, Birmingham, AL 35203, Attention: C. Ellis Brazeal (email: ebrazeal@joneswalker.com) and (vii) counsel to Arch Insurance Company, Manier & Herod, P.C. 150 Fourth Avenue North, Suite 2200, Nashville, Tennessee 37219, Attention: Sam Poteet (email: spoteet@manierherod.com), Michael E. Collins (email: mcollins@manierherod.com), and Scott Williams (email: swilliams@manierherod.com) and (viii) and party that has requested notice pursuant to Bankruptcy Rule 2002, in each case to allow actual receipt by no later than 4:00 p.m. (CDT) on August 11, 2015 (the “Objection Deadline”).

17. The Debtors and the Sureties may file an omnibus reply to any objection with the court and serve such reply via e-mail on or before 12:00 p.m. (Central Daylight Time) on the day that is at least two business days before the date of the final hearing on the Motion.

18. If timely objections are received by the Objection Deadline there shall be a hearing on August 18, 2015, at 10:00 a.m. (Central Daylight Time) to consider such timely objections to the Motion and the Debtors’ omnibus reply.

19. If no objections are timely filed and served by the Objection Deadline as set forth herein, the Debtors shall, on or after the Objection Deadline, submit to the Court a final order substantially in the form of the Final Order annexed to the Motion, which order shall be submitted and may be entered with no further notice or opportunity to be heard afforded any party and the Motion shall be approved *nunc pro tunc* to the Petition Date.

20. The contents of the Motion and the notice procedures set forth herein are good and sufficient notice and satisfy Bankruptcy Rules 4001 and 9014 by providing parties with a notice and an opportunity to object and be heard at a hearing.

21. Notwithstanding Bankruptcy Rule 6003, this Order shall be effective and enforceable upon entry hereof.

22. Notwithstanding any applicability of Bankruptcy Rules 4001(c) and 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

23. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Interim Order.

Dated: July 16, 2015

/s/ Tamara O. Mitchell
Tamara O. Mitchell
United States Bankruptcy Judge

Notice Recipients

District/Off: 1126-2
Case: 15-02741-TOM11

User: Itumlin
Form ID: pdf000

Date Created: 7/16/2015
Total: 30

Recipients of Notice of Electronic Filing:

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aty	William (Will) Lee Thuston, Jr.	wlt@csattorneys.com

TOTAL: 13

Recipients submitted to the BNC (Bankruptcy Noticing Center):

db	Walter Energy, Inc.	3000 Riverchase Galleria	Suite 1700	Birmingham, AL 35244-2359
cr	WHH Real Estate, LLC	c/o Daniel D. Sparks	505 20th Street North	Suite 1800 Birmingham, AL 35203
cr	Cowin & Company, Inc.	c/o Daniel D. Sparks	505 20th Street North	Suite 1800 Birmingham, AL 35203
cr	Nelson Brothers, LLC	c/o Daniel D. Sparks	505 20th Street North	Suite 1800 Birmingham, AL 35203
ba	J. Thomas Corbett	Bankruptcy Administrator	1800 5th Avenue North	Birmingham, AL 35203
cr	United Mine Workers of America	c/o Sharon L. Levine	Lowenstein Sandler, LLP	65 Livingston Avenue & 6 Becker Farm Rd Roseland, NJ 07068
cr	Steering Committee	c/o Akin Gump Strauss Hauer & Feld LLP	One Bryant Park	Bank of America Tower New York, NY 10036-6745
intp	Wilmington Trust, National Association	Corporate Capital Markets	50 South Sixth Street Ste 1290	Minneapolis, MN 55402
intp	Scott Greissman	White & Case LLP	1155 Avenue of the Americas	New York, NY 10036
cr	Alabama State Port Authority	c/o Benjamin S. Goldman, Esquire	2001 Park Place North	Suite 1200 Birmingham, AL 35203
cr	Thompson Tractor Co., Inc.	c/o Benjamin S. Goldman, Esquire	2001 Park Place North	Suite 1200 Birmingham, AL 35203 UNITED STATES
cr	Parker Towing Company, Inc.	c/o Benjamin S. Goldman, Esquire	2001 Park Place North	Suite 1200 Birmingham, AL 35203 UNITED STATES
cr	RGGS Land & Minerals, LTD., L.P.	c/o Robert A. morgan	ROSN HARWOOD, kPA	2200 Jack Warner Parkway, Suite 200 P. O. Box 2727 Tuscaloosa, AL 35403-2727
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TOTAL: 17