

**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

Jointly Administered

**THE DEBTORS' MOTION FOR
EXPEDITED HEARING ON DEBTORS' MOTION FOR SUPPLEMENTAL ORDER
AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO PAY CERTAIN BONUS
AND SEVERANCE OBLIGATIONS**

Walter Energy, Inc. ("Walter Energy") and its affiliated debtors and debtors-in-possession (each a "Debtor" and, collectively, the "Debtors") hereby move (the "Motion"), pursuant to section 105 of title 11 of the U.S. Code (the "Bankruptcy Code") and rules 4001(b) and 9006(c) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order, substantially in the form annexed hereto as Exhibit A (the "Proposed Order"), setting an expedited hearing on Debtors' Motion for Order Authorizing, but Not Directing, The Debtors To Pay Certain Bonus And Severance Obligations (the "Severance and Bonus Relief"), which is incorporated into the Debtors' Motion For (I) (A) An Order Authorizing, But Not Directing, The Debtors To Pay Certain Prepetition Wages, Compensation, Workers Compensation And Employee Benefits And To Maintain Employee Benefit Programs And Pay Related Administrative Obligations And (B) A

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.



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Supplemental Order Authorizing, But Not Directing, The Debtors To Pay Certain Bonus And Severance Obligations; (II) Authorizing And Directing Applicable Banks And Other Financial Institutions To Process And Pay All Checks Presented For Payment And To Honor All Funds Transfer Requests Made By The Debtors Relating To The Foregoing; And (III) Granting Related Relief (the “Wages Motion”) [Docket No. 17]. In support of this Motion, the Debtors rely on the *Declaration of William G. Harvey in Support of Chapter 11 Petitions and First Day Relief* (the “First Day Declaration”)² [Docket No. 3] and respectfully state as follows:

JURISDICTION

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. The Motion is a core proceeding under 28 U.S.C. § 157(b)(2). Venue of the Chapter 11 Cases and the Motion is proper before the Court under 28 U.S.C. §§ 1408 and 1409.

2. The statutory and legal predicates for the relief sought herein are section 105 of the Bankruptcy Code and Bankruptcy Rules 4001(b) and 9006(c).

BACKGROUND

3. On July 15, 2015 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, thereby commencing the instant cases (the “Chapter 11 Cases”). The Debtors continue to manage and operate their businesses as debtors-in-possession under sections 1107 and 1108 of the Bankruptcy Code.

4. No trustee, examiner, or official committee has been appointed in the Chapter 11 Cases.

5. Information regarding the Debtors’ businesses, their capital and debt structure and the events leading to the filing of the Chapter 11 Cases is contained in the First Day Declaration.

² The First Day Declaration has been filed contemporaneously with this Motion and is incorporated by reference herein. Capitalized terms used herein that are not defined shall have the meaning set forth in the First Day Declaration.

RELIEF REQUESTED

6. By this Motion, the Debtors seek the entry of an order, substantially in the form of the Proposed Order, pursuant to section 105 of the Bankruptcy Code and Bankruptcy Rules 4001(b) and 9006(c), setting for expedited hearing the Debtors' request for entry of the Supplemental Order granting the Severance and Bonus Relief sought in the Wages Motion.

BASIS FOR RELIEF REQUESTED

7. Bankruptcy Rule 9006(c) provides that the Court, for cause shown, may in its discretion with or without notice reduce the notice period normally required for motions.

8. The Debtors filed the Wages Motion on the Petition Date. Contemporaneously therewith, the Debtors filed an Emergency Motion for Expedited Hearing on First Day Motions [Docket No. 39], in which they asked the Court to set the Wages Motion, along with certain other first day motions, for hearing on an expedited basis (the "First Day Expedited Hearing Motion").

9. The Court granted the First Day Expedited Hearing Motion and held a hearing on the Wages Motion on the afternoon of July 15, 2015. At the July 15 hearing, the Debtors sought entry of the order attached as Exhibit A to the Wages Motion, an order (A) Authorizing, But Not Directing, the Debtors to Pay Certain Prepetition Wages, Compensation, Workers Compensation and Employee Benefit Programs and Pay-Related Administrative Obligations; (B) Authorizing and Directing Applicable Banks and Other Financial Institutions to Process and Pay All Checks Presented For Payment and to Honor All Funds Transfer Requests Made by the Debtors Related to the Foregoing; and (C) Granting Related Relief (the "Wages Order"). The Court entered the Wages Order on July 15, 2015. [Docket No. 61]. At the July 15 hearing the Debtors did not, however, seek entry of the order attached as Exhibit B to the Wages Motion: the Order (A) Authorizing, But Not Directing, the Debtors to Pay Certain Bonus and Severance Obligations and (B) Granting Related Relief (the "Supplemental Order"). By this Motion, the Debtors request an

expedited hearing to consider entry of the Supplemental Order, which, if granted, will authorize the Severance and Bonus Relief sought by the Debtors in the Wages Motion.

10. As set forth in the First Day Declaration, continuation of the Debtors' bonus and severance programs is necessary to avoid jeopardizing Employee morale at a time when Employee support is critical. Severance benefits to former employees are currently suspended pending entry of the Supplemental Order by the Court. This uncertainty concerning the status of severance benefits has a damaging effect on the morale of current Employees, who may seek other employment if they believe that they will be without severance benefits if terminated by the Debtors. The need for stability and certainty in the early stages of this case justifies consideration of the Severance and Bonus Relief on an expedited basis. Prompt resolution of these issues is in best interest of the Debtors' estates. Therefore, the Debtors request that the Court consider entry of the Supplemental Order on an expedited basis.

NOTICE

11. Notice of this Motion will be provided to: (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; and (xii) all persons and entities that have filed a request for service of filings in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, no other or further notice is necessary.

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CONCLUSION

WHEREFORE, the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as is just and proper.

Dated: July 18, 2015
Birmingham, Alabama

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*Proposed Counsel to the Debtors and
Debtors-in-Possession*

EXHIBIT A
PROPOSED ORDER

**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

Jointly Administered

**ORDER SETTING HEARING ON DEBTORS' MOTION FOR SUPPLEMENTAL
ORDER AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO PAY CERTAIN
BONUS AND SEVERANCE OBLIGATIONS**

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") for entry of an order, pursuant to section 105 of title 11 of the U.S. Code (the "Bankruptcy Code") and rules 4001(b) and 9006(c) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), setting for expedited hearing the Debtors' Motion for a Supplemental Order Authorizing, but Not Directing, The Debtors To Pay Certain Bonus And Severance Obligations (the "Severance and Bonus Relief"), which is incorporated into the Debtors' Motion For (I) (A) An Order Authorizing, But Not Directing, The Debtors To Pay Certain Prepetition Wages, Compensation, Workers Compensation And Employee Benefits And To Maintain

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

Employee Benefit Programs And Pay Related Administrative Obligations And (B) A Supplemental Order Authorizing, But Not Directing, The Debtors To Pay Certain Bonus And Severance Obligations; (II) Authorizing And Directing Applicable Banks And Other Financial Institutions To Process And Pay All Checks Presented For Payment And To Honor All Funds Transfer Requests Made By The Debtors Relating To The Foregoing; And (III) Granting Related Relief (the “Wages Motion”) [Docket No. 17]; 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 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 to the extent provided herein.
2. The Court will hold a hearing on whether to enter the Supplemental Order on July 28 at 10:00 a.m. in Courtroom 3 located at the United States Bankruptcy Court for the Northern District of Alabama, Robert S. Vance Federal Building, 1800 Fifth Avenue North Birmingham, Alabama 35203, and the notice periods for the hearing on the foregoing is reduced accordingly.

3. The Debtors, proposed counsel for the Debtors, or any other agent for the Debtors, shall provide notice of such hearing by serving a copy of this Order on the service list identified in the Wages Motion.

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

Dated: July ____, 2015

UNITED STATES BANKRUPTCY JUDGE