

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.

Chapter 11

Case No. 12-51502-659

(Jointly Administered)

Hearing Date: November 19, 2013

Hearing Time: 10:00 a.m. Central

Location: Courtroom 7-N, St. Louis

DEBTORS' TWENTY-SECOND OMNIBUS OBJECTION TO CLAIMS
(Cyprus Creek Vendor Lien Claims)

Patriot Coal Corporation and its affiliated debtors (the "Debtors"), pursuant to 11 U.S.C. § 502 and Fed. R. Bankr. P. 3007, respectfully file this Twenty-Second Omnibus Objection to Claims (the "Objection"). In support of this Objection, the Debtors show the Court as follows:

Relief Requested

1. By this Objection, the Debtors object to certain claims listed on Exhibit A attached hereto (the "Claims") because the Claims are not secured by any interest in property of the Debtors' estates. The Debtors request entry of an order, pursuant to Section 502 of the Bankruptcy Code and Fed. R. Bankr. P. 3007, reclassifying the Claims as general unsecured claims.

2. **Parties receiving this Objection should locate their names on the attached exhibit.** Any response to this Objection should include, among other things, (i) an appropriate caption, including the title and date of this Objection; (ii) the name of the claimant, both the EDMO and GCG claim numbers of the claim that the Debtors are seeking to disallow or modify, and a description of the basis for the amount claimed; (iii) a concise statement setting forth the

reasons why the Court should not sustain this Objection, including, but not limited to, the specific factual and legal bases upon which the claimant relies in opposing this Objection; (iv) copies of any documentation and other evidence which the claimant will rely upon in opposing this Objection at a hearing; and (v) the name, address, telephone number and facsimile number of a person authorized to reconcile, settle or otherwise resolve the claim on the claimant's behalf. A claimant that cannot timely provide such documentation and other evidence should provide a detailed explanation as to why it is not possible to timely provide such documentation and other evidence.

Jurisdiction

3. This Court has jurisdiction over this Objection under 28 U.S.C. § 1334. Venue of this proceeding is proper pursuant to 28 U.S.C. § 1409.
4. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
5. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

6. Ninety-nine of the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on July 9, 2012 in the United States Bankruptcy Court for the Southern District of New York.
7. On December 19, 2012, these Debtors' cases were transferred to the United States Bankruptcy Court for the Eastern District of Missouri [Dkt. No. 1789].
8. The bar date for filing proofs of claim against these Debtors was December 14, 2012 [Dkt. No. 1388].

9. On March 1, 2013, the Court entered its Order Establishing Procedures for Claims Objections [Dkt. No. 3021].

10. Debtors Brody Mining, LLC and Patriot Ventures LLC filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on September 23, 2013 in this Court. The bar date for filing proofs of claim against these Debtors was October 24, 2013.

Objection and Argument

11. Each of the Claims listed on Exhibit A relates to a transaction that occurred on September 30, 2005. On that date, Debtor Cleaton Coal Company (“Cleaton”) executed and delivered four promissory notes (the “Notes”). Two of the Notes, in the amounts of \$3,187,500 and \$1,062,500, are payable to the order of Commonwealth Bank & Trust Company as intermediary for Bentley Badgett II and Linda Badgett. The other two Notes, in the amounts of \$9,562,500 and \$3,187,500, are payable to the order of Donald and Betty Bowles. Each Claim corresponds to one of the Notes.

12. Each of the Notes recites that it is secured by a vendor’s lien on certain real property located in McLean and Muhlenberg Counties in Kentucky (the “Property”) that was conveyed to Cleaton by the payees of the Notes. In fact, the Property was not conveyed to Cleaton. As is evident from the recorded instruments attached to the proofs of claim filed by the Badgetts and the Bowleses, they conveyed the Property to Cyprus Creek Land Resources, LLC (“Cyprus”) and retained a vendor’s lien against Cyprus.

13. Cyprus is a subsidiary of Peabody Energy Corporation. Cyprus is not a debtor in these cases, and its real estate is not property of any of the Debtors’ bankruptcy estates. *See* Declaration of Robert L. Mead, attached hereto as Exhibit B.

14. Because the claimants do not have any interest in the Debtors' estates interests in property, the Claims are not secured claims. *See* 11 U.S.C. § 506(a). The Claims should, therefore, be reclassified as general unsecured claims.

15. Although the Debtors do not dispute the amounts of the Claims, the Debtors request that the Court's order sustaining this Objection be without prejudice to the right of any party in interest to object to the Claims on any ground.

WHEREFORE, the Debtors respectfully request that this Court:

- (a) reclassify the Claims as general unsecured claims; and
- (b) grant such other and further relief as is just and proper.

Dated: October 25, 2013
St. Louis, Missouri

Respectfully submitted,
BRYAN CAVE LLP

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*Local Counsel to the Debtors
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-and-

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Exhibit A - Cyprus Creek Vendor Lien Claims

Omnibus Objection to Claims

**Patriot Coal Corporation
12-51502 (KSS)**

Note: Claims on the exhibit are sorted in alphabetical order based on the creditor name as listed on proof of claim form.

SEQ NO.	CLAIM(S) TO BE MODIFIED			MODIFIED AMOUNT AND CLASSIFICATION	
	NAME	GCG CLAIM NO.	ED MO CLAIM NO.		CLAIMED AMOUNT AND CLASSIFICATION
1	BENTLEY BADGETT II & LINDA BADGETT 1822 N. MAIN STREET MADISONVILLE, KY 42431 Date Filed: 12/12/12 ED MO Date Filed: 02/27/13 Debtor: CLEATON COAL COMPANY	1823	3279-1	Secured: \$531,250.00	Unsecured: \$531,250.00
2	BENTLEY BADGETT II & LINDA BADGETT 1822 N. MAIN STREET MADISONVILLE, KY 42431 Date Filed: 12/12/12 ED MO Date Filed: 02/27/13 Debtor: CLEATON COAL COMPANY	1824	3278-1	Secured: \$1,593,750.00	Unsecured: \$1,593,750.00
3	DONALD & BETTY BOWLES ATTN JILL STARKS 250 PIN OAK LN MADISONVILLE, KY 42431 Date Filed: 12/12/12 ED MO Date Filed: 02/25/13 Debtor: CLEATON COAL COMPANY	1821	1128-1	Secured: \$1,593,750.00	Unsecured: \$1,593,750.00
4	DONALD & BETTY BOWLES JILL STARKS 250 PIN OAK LN MADISONVILLE, KY 42431 Date Filed: 12/12/12 ED MO Date Filed: 02/27/13 Debtor: CLEATON COAL COMPANY	1822	3280-1	Secured: \$4,781,250.00	Unsecured: \$4,781,250.00

EXHIBIT B

**IN THE UNITED STATES BANKRUPTCY COURT
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In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.

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

**DECLARATION OF ROBERT L. MEAD IN SUPPORT
OF DEBTORS' TWENTY-SECOND OMNIBUS OBJECTION TO CLAIMS**

Robert L. Mead declares, pursuant to 28 U.S.C. § 1746, to the best of his knowledge and based upon the documents available to him, as follows:

1. I am Vice President & Treasurer of Patriot Coal Corporation (“Patriot”).
2. In connection with my employment, I am familiar with the financial obligations of Patriot and its affiliates, including Cleaton Coal Company (“Cleaton”).
3. Cleaton is the maker of four promissory notes dated September 30, 2005, two of which are payable to the order of Commonwealth Bank & Trust Company as intermediary for Bentley Badgett II and Linda Badgett, and two of which are payable to the order of Donald and Betty Bowles (collectively, the “Notes”).
4. Each of the Notes recites that it is secured by a vendor’s lien on certain real property located in McLean and Muhlenberg Counties in Kentucky (the “Property”) that was conveyed to Cleaton by the holders of the Notes. Cleaton does not own the Property, and the recorded instruments attached to the proofs of claim filed by the Badgetts and the Bowleses

reflect that they conveyed the Property to Cyprus Creek Land Resources, LLC (“Cyprus”) and retained a vendor’s lien against Cyprus.

5. Cyprus is a subsidiary of Peabody Energy Corporation. It is not a debtor in these cases or an affiliate of the Debtors.

6. I declare under penalty of perjury that the foregoing is true and correct. Executed on October 24, 2013.

/s/ Robert L. Mead
Robert L. Mead