

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

In re:

WALTER ENERGY, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 15-02741-TOM11

Jointly Administered

**DEBTORS' OPPOSITION TO COAL ACT FUNDS'  
EMERGENCY MOTION FOR A STAY PENDING APPEAL**

Walter Energy, Inc. and its affiliated debtors and debtors-in-possession in the above-captioned chapter 11 cases (each a “Debtor” and, collectively, the “Debtors”) submit this opposition to the *Emergency Motion for a Stay Pending Appeal* [Docket No. 1877] (the “Stay Motion”) filed by the United Mine Workers of America Combined Benefit Fund and the United Mine Workers of America 1992 Benefit Plan (together, the “Funds”), which seeks to stay the effect of this Court’s order approving the sale of certain Non-Core Assets [Docket No. 1863] (the “Non-Core Sale Order”).<sup>2</sup>

1. The Debtors and the Purchaser consummated the Non-Core Sale Transaction on February 12, 2016. Accordingly, the Funds’ appeal of the Non-Core Sale Order is moot and a stay

<sup>1</sup> The debtors in these cases (collectively, the “Debtors,” and each a “Debtor”), 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.

<sup>2</sup> Unless otherwise defined, all capitalized terms shall have the meanings provided in the Non-Core Sale Order.



would serve no purpose. *See, e.g.*, 11 U.S.C. § 363(m); *In re Charter Co.*, 829 F.2d 1054, 1056 (11th Cir. 1987); *In re Bleaufontaine*, 634 F.2d 1383, 1389-90 & nn.12–14 (5th Cir. Unit B 1981); *In re Dutch Inn of Orlando*, 614 F.2d 504, 506 (5th Cir. 1980).

2. Nonetheless, the Court should deny the Stay Motion if it chooses to consider the merits. The Non-Core Sale Order provided the best and only opportunity to sell the relevant Non-Core Assets as a going concern with substantial assumed liabilities, a new collective bargaining agreement with the USW, and continued employment for non-union workers. *See generally* Declaration of Adam B. Schlesinger in Support of the Non-Core Asset Sale [Docket No. 1820]. The debtor-in-possession financing facility matures upon the closing of the sale of the Core Assets to Coal Acquisition LLC, and the Debtors have no ability to fund operations thereafter. Hence, the only alternative to the Non-Core Sale Order was a straight liquidation of the Non-Core Assets.

3. The Debtors have briefed the issues raised in the Stay Motion extensively. Accordingly, the Debtors further oppose a stay for the reasons stated in the following filings, which are incorporated by reference: (i) the *Debtors' Omnibus Reply to Objections to the Debtors' Motion for (A) an Order (I) Establishing Bidding Procedures for the Sale(s) of All, or Substantially All, of the Debtors' Assets; (II) Approving Bid Protections; (III) Establishing Procedures Relating to the Assumption and Assignment of Executory Contracts and Unexpired Leases; (IV) Approving Form and Manner of the Sale, Cure, and Other Notices; and (V) Scheduling an Auction and a Hearing to Consider the Approval of the Sale(s); (B) Order(s) Approving the Sale(s) of the Debtors' Assets Free and Clear of Claims, Liens, Encumbrances, and Interests; and (II) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (C) Certain Related Relief* [Docket No. 1552]; (ii) the *Debtors' Opposition to Coal Act Funds' Emergency Motion for Stay Pending Appeal* [Docket No. 1675]; (iii) the *Debtors' Opposition to Stay Motion* filed with the

District Court in Appeal No. 16-cv-00064-RDP (the “Appeal”) at Docket No. 20; and (iv) the *Debtors’ Supplemental Brief in Opposition to Stay Motion* filed in the Appeal at Docket No. 31.

4. The Debtors further incorporate by reference the Court’s ruling as stated on the record on January 20, 2016, and Judge Proctor’s memorandum opinion denying the Funds’ motion to stay the order approving the sale of the Core Assets. *See United Mine Workers of America Combined Benefit Fund & United Mine Workers of America 1992 Benefit Plan v. Walter Energy, Inc.*, No. 2:16-CV-00064-RDP, 2016 WL 470815 (N.D. Ala. Feb. 8, 2016).

5. Finally, the Debtors note that the Funds mischaracterize the testimony at the hearing on February 4, 2016. *See Stay Motion* ¶ 9 (“Charles Ebetino of ERP Compliant Fuels—one of the purchaser’s representatives—testified that he could not recall Coal Act obligations coming up during negotiations with the Debtors.”). Mr. Ebetino’s testimony was that “the basis of [the] bid was to not assume [Coal Act] legacy liabilities” and the purchaser “made it perfectly clear [they] weren’t assuming those . . . .” Feb. 4 Hr’g Trans. at 72:9 to 73:7.

#### CONCLUSION

For these reasons, and such additional reasons as the Debtors may present at a hearing on the Stay Motion, the Debtors ask the Court to deny the Stay Motion.

*[Remainder of Page Intentionally Left Blank]*

Dated: February 16, 2016  
Birmingham, Alabama

BRADLEY ARANT BOULT CUMMINGS LLP

By:       /s/ Jay R. Bender        
Jay R. Bender  
Scott Burnett Smith  
John Watson  
One Federal Place  
1819 Fifth Avenue North  
Birmingham, Alabama 35203  
Telephone: (205) 521-8000  
Email: jbender@babc.com, ssmith@babc.com,  
      jwatson@babc.com

- and -

PAUL, WEISS, RIFKIND, WHARTON &  
GARRISON LLP

Stephen J. Shimshak (*pro hac vice*)  
Kelley A. Cornish (*pro hac vice*)  
Claudia R. Tobler (*pro hac vice*)  
Ann K. Young (*pro hac vice*)  
Michael S. Rudnick (*pro hac vice*)  
1285 Avenue of the Americas  
New York, New York 10019  
Telephone: (212) 373-3000  
Email: sshimshak@paulweiss.com, kcornish@paulweiss.com,  
      ctobler@paulweiss.com, ayoung@paulweiss.com,  
      mrudnick@paulweiss.com

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