

**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  
  
Joint Administration Requested

**ORDER (A) (I) APPROVING CONTINUED USE OF THE DEBTORS' EXISTING CASH MANAGEMENT SYSTEM; (II) AUTHORIZING USE OF EXISTING BANK ACCOUNTS AND CHECKS; (III) WAIVING THE REQUIREMENTS OF 11 U.S.C. 345(b); (IV) GRANTING ADMINISTRATIVE EXPENSE STATUS TO CERTAIN POSTPETITION INTERCOMPANY CLAIMS; AND (V) AUTHORIZING THE CONTINUATION OF CERTAIN INTERCOMPANY TRANSACTIONS; AND (B) GRANTING RELATED RELIEF**

Upon consideration of the motion (the "Motion")<sup>2</sup> of the Debtors, pursuant to sections 105(a), 345(b), 363(c), 364(a), 503(b)(1) and 553(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004; this Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. § 157; venue of these Chapter 11 Cases and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); proper and adequate notice having been given and no other or further notice being required; 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

<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.



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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 that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED, ADJUDGED, and DECREED that:

1. The Motion is GRANTED to the extent provided herein.
2. The Debtors are authorized and empowered, pursuant to sections 105(a), 345(b), 363(c), 364(a), 503(b)(1) and 553(a) of the Bankruptcy Code, to continue to maintain, operate and make transfers under their Cash Management System, and, subject to paragraph 17, to continue all Intercompany Transactions between and among the Debtors, Walter Canada and non-Debtor affiliates in a manner consistent with the Debtors' prepetition practices and this Order.
3. The operation of the Cash Management System in accordance with the Debtors' normal and customary practices is adequate and sufficient, and may be continued after the Petition Date. Subject to paragraph 17, the Debtors are authorized to continue using the Cash Management System to manage their cash, to pay intercompany payables (if any), to extend intercompany credit (if necessary) and to continue all other Intercompany Transactions between and among the Debtors, Walter Canada, Walter UK, Cardem and other non-Debtor affiliates in a manner consistent with the Debtors' prepetition practices. The Debtors are authorized to continue netting and setting off obligations arising from Intercompany Transactions, whether arising prepetition or postpetition, provided that such transactions occur in the ordinary course of business.

4. The Debtors are authorized to continue to maintain the Bank Accounts with the same account numbers following the commencement of the Chapter 11 Cases.

5. JPMorgan, BofA, Regions, BB&T and Scotia are authorized and directed to continue to treat, service, and administer the Bank Accounts as accounts of the respective Debtor as a debtor-in-possession without interruption and in the usual and ordinary course and to receive, process and honor and pay any and all postpetition checks, drafts, wires, or ACH transfers drawn on the Bank Accounts by the holders or makers thereof, as the case may be; provided JPMorgan, BofA, Regions, BB&T and Scotia are authorized and directed to continue to treat, service, and administer the Bank Accounts as accounts of the respective Debtor as a debtor-in-possession without interruption and in the usual and ordinary course and to receive, process and honor and pay any and all postpetition checks, drafts, wires, or ACH transfers drawn on the Bank Accounts by the holders or makers thereof, as the case may be, provided that sufficient funds are available in the applicable accounts, whether deposited prepetition or postpetition, to make the payments.

6. The Debtors may maintain a minimum balance in the Master Regions Disbursement Account (account number ending in -7949) of \$20 million (the “Minimum Balance”) and for so long as the Debtors maintain the Minimum Balance in the Master Regions Disbursement Account, Regions shall continue to link any “zero-balance accounts” that were linked with the Master Regions Disbursement Account prior to the Petition Date (the “Linked Accounts”) and to allow automatic funds transfers from the Master Regions Disbursement Account to the Linked Accounts. In the event the Debtors do not maintain the Minimum Balance in the Master Regions Disbursement Account, Regions shall be entitled and shall have relief from the automatic stay of Bankruptcy Code Section 362(a), without further order of this Court,

to “de-link” the Linked Accounts from the Master Regions Disbursement Account and terminate any automatic funds transfer arrangements with respect to the Master Regions Disbursement Account and the Linked Accounts.

7. The Debtors are authorized to make and implement such modifications to the Cash Management System as may be necessary or appropriate, including, but not limited to, the establishment of new bank accounts. The Debtors can and will identify all prepetition checks and other forms of payment outstanding on the Petition Date and notify their banks not to pay such checks or obligations.

8. The Debtors will provide ten (10) days’ advance written notice to counsel to the Steering Committee prior to opening or closing any Bank Accounts (which Bank Accounts shall constitute Cash Collateral) at or with the Cash Management Banks which notice details the reasons for doing so, and will not open any new Bank Account at a financial institution other than the Cash Management Banks without obtaining the prior consent of the Steering Committee..

9. The Debtors are authorized, but not obligated or directed, in the reasonable exercise of their business judgment and in the ordinary course of business, to pay and honor amounts on account of the Cash Management Fees.

10. Notwithstanding anything to the contrary in any other order of this Court, JPMorgan, BofA, Regions, BB&T and Scotia (a) are authorized to accept and honor all representations from the Debtors as to which checks, drafts, wires or ACH transfers should be honored or dishonored, consistent with any order of this Court and governing law, whether such checks, drafts, wires, or ACH transfers are dated prior to, on, or subsequent to the Petition Date,

and (b) have no duty to independently inquire as to whether such payments are authorized by an order of this Court.

11. JPMorgan, BofA, Regions, BB&T and Scotia shall not be liable to any party on account of (a) following the Debtors' instructions or representations as to any order of this Court, (b) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) an innocent mistake made despite implementation of reasonable item handling procedures.

12. JPMorgan, BofA, Regions, BB&T and Scotia are authorized and directed to honor the Debtors' requests to open or close, as the case may be, any existing Bank Accounts or additional bank accounts effective as of the Petition Date; provided, however, that any new account that is a domestic account shall be with a bank (a) insured by the FDIC or the FSLIC and (b) that is organized under the laws of the U.S. or any State therein, or in the case of accounts that may carry a balance exceeding the insurance limitations set thereby, a financial institution that is sufficiently secure to justify a waiver of the requirements of section 345(b) of the Bankruptcy Code.

13. The Debtors are authorized to continue to use their preprinted checks, substantially in the form existing immediately before the Petition Date, without reference to their status as debtors-in-possession; provided, however, if the Debtors need to purchase new preprinted checks during the pendency of the Chapter 11 Cases, such checks will include a legend referring to the Debtors as "Debtors-in-Possession" or "DIP"; and provided further that, with respect to checks which the Debtors or their agents print themselves, the Debtors shall begin printing the "Debtor-in-Possession" legend on such items within twenty (20) days of the entry of this Order.

14. The Debtors are authorized to deposit and invest their cash and cash equivalents in the Bank Accounts consistent with their prepetition practices and the Cash Management System. The Debtors are relieved from the obligations under section 345(b) of the Bankruptcy Code to obtain a bond from any entity with which money is deposited or maintained in the Bank Accounts, and the requirements of section 345(b) of the Bankruptcy Code are waived.

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

16. All Intercompany Claims arising from postpetition intercompany transfers between and among the Debtors shall be entitled to administrative expense priority pursuant to section 503(b)(1) of the Bankruptcy Code. The Debtors shall maintain current records with respect to all transfers of cash so that all transactions, including Intercompany Transactions, may be readily ascertained, traced, and recorded properly on applicable intercompany accounts. The Debtors may engage in Intercompany Transactions with their non-Debtor affiliates, including but not limited to BW Methane, consistent with prepetition practice, subject to paragraph 17 of this Order.

17. Notwithstanding anything contained herein, the Debtors will not transfer any funds to or for the benefit of any direct or indirect foreign subsidiary or non-Debtor affiliate of the Debtors, including, without limitation, in connection with any professional fees and expenses incurred with respect to any restructuring of such subsidiary or affiliate, unless such transfer is (i) in accordance with the terms of the Interim Cash Collateral Order and related final order or (ii) made with the prior consent of the Steering Committee (“Permitted Non-Debtor Affiliate Payments”) and, other than with respect to any payments made to or for the benefit of BW

Methane and BW Transmission, any such Permitted Non-Debtor Affiliate Payments will be made pursuant to senior secured notes, which notes will be pledged to the first lien debt holders. For the avoidance of doubt, in the event that any Permitted Non-Debtor Affiliate Payment is made to any one or more Canadian Entity (as defined in the Interim Cash Collateral Order), each such Canadian Entity shall grant liens against all of its present and future property, assets and undertaking, and all other Canadian Entities shall (i) guarantee repayment of such Permitted Non-Debtor Affiliate Payment and (ii) grant liens against all of their respective present and future property, assets and undertaking as security for such guarantee obligations, and each such Permitted Non-Debtor Affiliate Payment and all of such guarantees and security shall be assigned and pledged by the maker of such Permitted Non-Debtor Affiliate Payment in favor of the First Lien Secured Parties, and in each such case, the form of the note(s), security and guarantees shall be in form and substance satisfactory to the Steering Committee in its sole discretion.

18. The Debtors shall maintain a matrix summarizing any Intercompany Transaction between (a) a Debtor and non-Debtor (excluding BW Methane and BW Transmission) and (b) a Debtor and any direct or indirect subsidiary of a Debtor that is not a guarantor of the Debtors' prepetition secured indebtedness, the amount paid on account of such Intercompany Transaction and the parties to such Intercompany Transaction, and shall provide such matrix on monthly basis to the Steering Committee's advisors; provided that the Steering Committee's advisors shall keep the matrix confidential and shall not disclose any of the information in the matrix to any party, including any member of the Steering Committee, without obtaining the prior written consent of the Debtors, such consent not to be unreasonably withheld or delayed. In addition to the matrix, the Debtors shall provide to the Steering Committee's advisors, on the 15<sup>th</sup> business

day or 20<sup>th</sup> of each month after the entry of this Order a separate report relating to BW Methane and BW Transmission, which will include any amounts paid directly to Jim Walter Resources, Inc. from any third party relating to gas provided by BW Methane and BW Transmission, amounts paid by BW Methane and BW Transmission to Jim Walter Resources, Inc. and any amounts incurred by Jim Walter Resources, Inc. on behalf of BW Methane and BW Transmission, as applicable.

19. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

20. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief in the Motion is necessary to avoid immediate and irreparable harm.

21. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

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

Dated: July 15, 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: 7/15/2015  
Total: 28

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TOTAL: 12

### 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
crcm	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
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TOTAL: 16