

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF KENTUCKY
ASHLAND, LONDON, AND LEXINGTON DIVISIONS

IN RE: CHAPTER 11
LICKING RIVER MINING, LLC, *et al.* CASE NO. 14-10201
DEBTORS IN POSSESSION JOINTLY ADMINISTERED

ORDER (A) APPROVING BIDDING PROCEDURES AND RELATED DEADLINES FOR LICKING RIVER DEBTORS' ASSETS; (B) SCHEDULING DATE AND TIME FOR SALE HEARING; (C) APPROVING FORM AND MANNER OF NOTICE OF SAME; AND (D) APPROVING FORM AND MANNER OF NOTICE OF PROPOSED ASSUMPTION AND ASSIGNMENT OR REJECTION OF CERTAIN EXECUTORY CONTRACTS AND/OR UNEXPIRED LEASES AND RELATED CURE CLAIMS

This matter is before the Court on the Motion [Doc 867] (the "Bidding Procedures Motion")¹ of Licking River Resources, Inc., Licking River Mining, LLC, S. M. & J., Inc., J.A.D. Coal Company, Inc., Fox Knob Coal Co., Inc., U.S. Coal Corporation, Harlan County Mining, LLC, Oak Hill Coal, Inc., Sandlick Coal Company, LLC, and U.S. Coal Marketing, LLC, as debtors and debtors in possession (collectively, the "Debtors"), by counsel, for an Order (A) approving bidding procedures and related deadlines for the sale of all assets of Licking River Resources, Inc., Licking River Mining, LLC, Oak Hill Coal, Inc., and S. M. & J., Inc.; (B) scheduling the date and time for a final sale hearing; (C) approving the form and manner of service of notice of the sale hearing, bidding procedures, and deadlines pursuant to Fed. R. Bankr. P. 2002, 6004, and 6006; and (D) approving the form and manner of service of notice of the proposed assumption and assignment or rejection of certain executory contracts and

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures attached hereto as Exhibit A or, if not defined in Exhibit A, then as defined in the Bankruptcy Code, unless the context clearly requires otherwise.

unexpired leases and related procedures for determination of cure claims. Unless otherwise defined herein, capitalized terms in this Order (the “Bidding Procedures Order”) shall be given the same meaning accorded to such terms in the Bidding Procedures Motion, and if not defined in therein, then as defined in the United States Bankruptcy Code, unless the context clearly requires otherwise. The Court has considered the entire record in these proceedings to date.

Based on the foregoing, and after due deliberation and good sufficient factual and legal cause appearing therefor, the Court Finds and Orders as follows:

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and Fed. R. Bankr. P. 5005. Venue in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b). The statutory predicates for relief sought herein include 11 U.S.C. §§ 105(a), 363, and 365, Fed. R. Bankr. P. 2002, 6004, and 6006.

2. The Debtors have shown good and sufficient business reasons for the relief requested in the Bidding Procedures Motion and have exercised prudent and reasonable business judgment with respect thereto.

3. The Bidding Procedures and Bidding Deadlines as attached hereto in Exhibit A be and hereby are APPROVED for the sale of any and all assets of for the sale of all assets of Licking River Resources, Inc., Licking River Mining, LLC, Oak Hill Coal, Inc., and S. M. & J., Inc., which are collectively and commonly referred to in these bankruptcy cases as the “Licking River Debtors.” The Debtors are authorized to proceed with the Sale Process as described in, and in accordance with, the Bidding Procedures. The Debtors, in consultation with the Licking

River Lenders² and the Committee, may extend the Bidding Deadlines or modify the Bidding Procedures without further Order of this Court; provided, however, that the Debtors may not materially modify the Bidding Procedures (other than extension of any deadlines) without the approval of the Committee.

4. On or before **Wednesday, March 11, 2015 at 5:00 p.m. (ET)**, any party asserting a right to credit bid under 11 U.S.C. § 363(k) (a “Credit Bid Party”) including, without limitation, the Licking River Lenders, shall file a notice of right to credit bid with the Court setting forth: (a) the LR Assets to which it asserts a right to credit bid, (b) the amount of its claim to which it asserts a right to credit bid on the LR Assets and the components of that claim (i.e., principal, accrued interest and any other charges), and (c) evidence of its secured status on any LR Assets to which it asserts a right to credit bid (a “Credit Bid Notice”). Any objections to a Credit Bid Notice shall be filed on or before **Friday, March 13, 2015 at 12:00 p.m. (ET)**. If a party timely files an objection to a Credit Bid Notice, this Court shall hold a hearing to consider the rights, circumstances and any conditions on the right of Credit Bid Party to submit a credit bid on **Tuesday, March 17, 2015 at 9:30 a.m.**

5. Within three (3) business days after the entry of this Bidding Procedures Order, the Debtors shall serve via electronic mail or first-class U.S. mail, postage prepaid, the Notice of Sale and Bidding Procedures in the form attached hereto as Exhibit B on the following entities: (i) all parties that have expressed interest to the Debtors or their advisors in connection with the marketing and sale process for the LR Assets, and (ii) all creditors and parties in interest pursuant to Fed. R. Bankr. P. 6004(a), 6004(c), 6006(c), and 9014 and the case management procedures in place in these bankruptcy proceedings. Service pursuant to Fed. R. Bankr. P.

² The “Licking River Lenders” are, collectively, East Coast Miner, LLC, East Coast Miner II LLC, Michael Goodwin, and Keith Goggin.

6004(a), 6004(c), 6006(c), and 9014 on those parties not receiving electronic notice shall be by first-class U.S. mail, postage prepaid, addressed to the business addresses of such persons appearing in the Debtors' records, notwithstanding Fed. R. Bankr. P. 9014. Pursuant to Fed. R. Bankr. P. 2002, service of the "Bidding Procedures and Sale Notice" attached hereto as Exhibit B in the manner set forth herein shall constitute good and sufficient notice of the Bidding Procedures, the Auction, this Bidding Procedures Order, and the Sale Hearing (and any proceedings to be held thereon or related thereto) on all known creditors and parties in interest, including persons entitled to service pursuant to Fed. R. Bankr. P. 2002, 6004(a), 6004(c), 6006(c), and 9014. The form of the Bidding Procedures and Sale Notice attached hereto as Exhibit B is hereby approved as adequate and sufficient notice.

6. Within three (3) business days after entry of this Bidding Procedures Order, the Debtors shall serve, via first-class U.S. mail, postage prepaid, or electronic mail, upon all parties (the "Counterparties") to all known Executory Contracts and Unexpired Leases (the "Contracts and Leases") that are subject to possible assumption and assignment in connection with the Sale a notice (the "Cure Claim Notice"), substantially in the form attached hereto as Exhibit C, of (a) the Licking River Debtors' possible intention to assume and assign the Contracts and Leases as part of the Sale Process to any Successful Bidder(s); (b) a schedule of the Contracts and Leases with the exact amount associated with each Contract and Lease that the Licking River Debtors believe is required to be cured under 11 U.S.C. § 365 (the "Cure Amounts"); and (c) the procedures and deadlines for filing objections to the assumption and assignment of the Contracts and Leases, including any objections to proposed Cure Amounts. Service pursuant to Fed. R. Bankr. P. 6006(c) and 9014 on those parties not receiving electronic notice shall be by first-class U.S. mail, postage prepaid, addressed to the addresses of such persons appearing in the Debtors'

records notwithstanding Fed. R. Bankr. P. 9014. The form of Cure Claim Notice attached hereto as Exhibit C is hereby approved.

7. Nothing contained in this Bidding Procedures Order shall be deemed to deprive any party of the right to timely object to future Sale Motion(s), all of which rights are expressly reserved.

8. The Sale Hearing to consider the sale of substantially all of the Licking River Debtors' Assets, including assumption and assignment of Contracts and Leases, shall be held on **Tuesday, March 31, 2015 at 1:30 p.m. (ET)** in the United States Bankruptcy Court for the Eastern District of Kentucky, 100 East Vine Street, Third Floor, Lexington, Kentucky. All Sale Motion(s) shall be filed on or before **Friday, March 13, 2015 at 12:00 p.m. (ET)**, and the Debtors shall file a supplement to the Sale Motion(s) providing notice of the Successful Bidder(s) for the Assets on or before **Wednesday, March 25, 2015**.

9. The filing of Sale Motion(s) on or before **Friday, March 13, 2015 at 12:00 p.m. (ET)** along with the Notice of the Sale Hearing approved as part of the Bidding Procedures provides sufficient and adequate notice of the Sale Motion(s) and of the Sale Hearing on **Tuesday, March 31, 2015 at 1:30 p.m. (ET)** under the circumstances, and such Notice is approved in full compliance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Bankruptcy Rules of this Court.

10. Objections, if any, to the Sale Motion(s) and to proposed Cure Amounts shall be in writing, shall conform to the Bankruptcy Rules and the Local Rules and orders of this Court, shall set forth (i) the specific nature of the objector's claims against or interests in the Debtors' Estates; (ii) the basis for the objection, and (iii) the specific grounds therefore; and shall be filed and served so as to be received on or before **Friday, March 27, 2015 at 3:00 p.m. (ET)** (the

“Objection Deadline”). Any person that does not comply with this paragraph shall not be heard at the Sale Hearing, unless otherwise ordered by the Court. The failure of any objecting person or entity to file its Objection(s) by the Objection Deadline and in accordance with the Sale Notice will be a bar to the assertion, at the Sale Hearing or thereafter, of any objection (including the sale of Assets and assumption and assignment of Contracts and Leases free and clear of all liens, claims and encumbrances), unless otherwise ordered by the Court.

11. Nothing in this Bidding Procedures Order, the Bid Procedures, the Bidding Procedures and Sale Notice, the Cure Claim Notice, or otherwise shall or shall be construed to modify, impair, or adversely affect in any way any of the liens, claims, rights, protections, and interests of the Licking River Lenders as set forth in (i) the Final Order (I) Authorizing Post Petition Use of Cash Collateral, (II) Granting adequate Protection to the Licking River Lenders and (III) Granting Related Relief (the “Final Cash Collateral Order”) [Doc 447], and (ii) the Loan Documents (as such term is defined in the Final Cash Collateral Order), including, without limitation, the rights of the Licking River Lenders to submit a credit bid up to the full amount of the Secured Obligations (as defined in the Final Cash Collateral Order) in accordance with 11 U.S.C. § 363(k) pursuant to the procedures set forth herein, nor shall anything herein modify, impair, or adversely affect in any way the rights of the Committee under the Final Cash Collateral Order or any “adequate protection” order entered by this Court including, without limitation, Paragraph 21 of the Final Cash Collateral Order.

12. The Bidding Procedures Motion is approved to the extent set forth herein, notwithstanding the Objection of The Huntington National Bank [Doc 913] to the Bidding Procedures Motion. However, all arguments relating said Objection are reserved, and the Objection is continued and shall be heard by the United States Bankruptcy Court for the Eastern

District of Kentucky, 100 East Vine Street, Third Floor, Lexington, Kentucky on **Friday, February 27, 2015 at 9:30 a.m. (ET)**.

13. In resolution of the issues raised by Commercial Bank in its Limited Response [Doc 902] to the Bidding Procedures Motion, the Debtors shall file a revised list of the Licking River Debtors' assets to be offered for sale pursuant to this Order in the record of these bankruptcy cases within three (3) business days of the entry of this Order, which list shall not include that certain 2011 Caterpillar 993K Wheel Loader, Serial No. Z9K00479 in which Commercial Bank asserts a security interest.

14. The Court shall retain jurisdiction to hear and determine all matters arising from and related to the implementation of the Bidding Procedures Motion and the Sale Process.

Tendered by:

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COUNSEL FOR DEBTORS AND
DEBTORS IN POSSESSION

Pursuant to KYEB LBR 9022-1(b), tendering counsel shall cause a copy of this Order to be served on all non-ECF parties entitled to notice and shall file a certificate of service stating the names, manner and date of service within 7 days of the entry hereof.

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The affixing of this Court's electronic seal below is proof this document has been signed by the Judge and electronically entered by the Clerk in the official record of this case.



Signed By:
Tracey N. Wise
Bankruptcy Judge
Dated: Friday, February 20, 2015
(tnw)

BIDDING PROCEDURES ORDER EXHIBIT A

BIDDING PROCEDURES FOR SOLICITATION AND SELECTION OF HIGHEST AND BEST QUALIFIED BIDDER(S) IN CONNECTION WITH SALE OF SUBSTANTIALLY ALL THE ASSETS OF LICKING RIVER DEBTORS

These Bidding Procedures shall govern the sale of substantially all the Assets of Licking River Resources, Inc., Licking River Mining, LLC, Oak Hill Coal, Inc., and S. M. & J., Inc. (collectively, the "Licking River Debtors"), including certain Executory Contracts and Unexpired Leases.

A. Assets to be Sold.

The "Assets" to be sold consist of substantially all assets, real, personal, mixed, tangible and intangible, connected with the going-concern operations of the Licking River Debtors' coal mining business, including but not limited to, and as may be more further negotiated or changed with any Qualified Bidder:

- (i) all buildings and improvements owned by any of the Licking River Debtors and any related leasehold rights of the Licking River Debtors in such related Unexpired Leases that are assumed and assigned;
- (ii) any contractual rights of the Licking River Debtors relating to such mining operations as are assumed and assigned;
- (iii) all equipment, fixtures and other personal property of the Licking River Debtors relating to such mining operations;
- (iv) all coal inventories of the Licking River Debtors relating to such mining operations;
- (v) all other inventories on hand relating to such mining operations or otherwise owned by the Licking River Debtors on the date of Closing;
- (vi) copies of property records relating solely to the mining operations, and copies of certain personnel and payroll records relating solely to the employees who were employed by the Licking River Debtors immediately prior to the Closing;
- (vii) all necessary contracts not described above;
- (viii) all necessary permits to the extent transferable; and
- (ix) all trucks, trailers, and related motor vehicle equipment owned by the Licking River Debtors.

A detailed description and information regarding the Assets can be obtained by any Potential Bidder (as defined herein) through the general process described in Section B below.

It is the Debtors' intention to sell substantially all of the Licking River Debtors' Assets as a going concern pursuant to the Bidding Procedures.

While it is their intention to sell substantially all of the Licking River Debtors' Assets together as opposed to any piecemeal sale process, the Debtors will entertain any final written offers for less than substantially all of the Licking River Debtors' Assets pursuant to the Bidding Procedures.

Pursuant to these Bidding Procedures and 11 U.S.C. §§ 363 and 365, the Licking River Debtors' Assets shall be sold free and clear of all liens, claims, rights, interests, and encumbrances, other than liabilities expressly assumed by the Successful Bidder(s) (as defined below), pursuant to final orders of the United States Bankruptcy Court for the Eastern District of Kentucky (the "Court").

The Licking River Debtors' Assets shall be sold without warranty or representation of any kind or nature, and are being purchased by the Successful Bidder(s) (as defined below) "as is – where is" and "with all faults."

B. Due Diligence/Confidentiality.

(i) **Generally.** The Debtors shall provide potential bidders that have delivered to the Debtors an executed confidentiality agreement in form and substance acceptable to the Debtors (each, a "Potential Bidder") reasonable access to the Licking River Debtors' books and records, facilities, officers, and locations for the purpose of conducting due diligence. The Debtors will also consider reasonable requests to communicate with employees. The information shall be available upon written request to John Collins at the Debtors' main office, with a copy to the Debtors' legal counsel, Nixon Peabody LLP and DelCotto Law Group PLLC ("Counsel"). Contact information is set forth in Section M below. The Debtors shall, in good faith, attempt to resolve any dispute arising from such a decision of the Debtors to exclude any requested due diligence information, and any unresolved disputes shall be presented to the Court for resolution.

(ii) **Executory Contracts and Unexpired Leases.** Available from the Debtors and/or their Counsel will be copies of all known Unexpired Leases and Executory Contracts which the Debtors believe are available for consideration of possible assumption and assignment by the Qualified Bidder(s), which shall also include the Debtors' calculation of the amounts they believe must be paid to cure all defaults under each of the Unexpired Leases and Executory Contracts that are to be assumed and assigned to a Qualified Bidder (each a "Cure Amount"). PLEASE NOTE THAT CERTAIN CONTRACTS AND LEASES MAY BE SUBJECT TO OBJECTION AS TO WHETHER SAME CAN BE ASSUMED AND ASSIGNED.

The Debtors shall consider all reasonable requests for additional information.

C. Summary of Bidding Procedures for the Licking River Debtors' Assets.

Bidding for the Licking River Debtors' Assets, whether on a going concern or piecemeal basis *as a going concern* shall take place in two stages: (1) the "Initial Bid" Stage, and (2) the "Auction Bid" Stage. The **Initial Bid Deadline** shall be **Wednesday, March 11, 2015 at 5:00 p.m. (ET)**, by which time all Potential Bidder(s) shall have submitted all information required in Section D below to (i) the Debtors; (ii) the Committee of Unsecured Creditors (the "Committee"); and (iii) the Licking River Lenders¹ (together with the Committee, the "Consulting Parties"), with each complete Bid package to be considered an "Initial Bid." Any Potential Bidders who submit an Initial Bid are hereafter referred to as "Initial Bidders."

D. Initial Bid Requirements.

In order to qualify as an Initial Bid, a Bid must:

- (i) be in writing;
- (ii) be accompanied by an executed copy of an asset purchase agreement in a form reasonably suitable to the Debtors and the Consulting Parties, which agreement shall not be subject to any due diligence or financing contingency, and which shall contain all exhibits indicating which Executory Contracts and Unexpired Leases are to be assumed and assigned in connection with the Sale contemplated by the Bid;
- (iii) With respect to any bid on real property (whether fee simple or leased), and any bid for the permits relating to such real property, such asset purchase agreement shall contain an express acknowledgement that the Licking River Debtors have bonded obligations in connection with certain of the Licking River Debtors' Assets, including but not limited to some of the real property, permits and executory contracts/unexpired leases, which bonded obligations are integral to the ownership of the asset and/or participation as a counter-party to the respective executory contract/ unexpired lease. The Licking River Debtors' coverage under the various bonds may not be transferrable, assumable or assignable without the consent of Lexon Insurance Co., which is the entity currently providing such bonds, and the parties reserve all rights with respect thereto. The purchase of an asset or the assumption of an executory contract/unexpired lease that is subject to a bonded obligation may require the Potential Bidder to agree to assume the bonded obligation and replace the existing bond. For the purposes of clarity, this requirement is not applicable to any bid on that excludes all real property from the assets to be acquired;
- (iv)(a) to the extent that the Bid includes a cash purchase price for the Licking River Debtors' Assets (in each case, a "Bid Purchase Price"):
 - (1) be accompanied by satisfactory evidence, in the opinion of the Debtors in consultation with their professionals and the Consulting Parties, of committed financing or other

¹ The "Licking River Lenders" are, collectively, East Coast Miner LLC, East Coast Miner II LLC, Michael Goodwin, and Keith Goggin.

confirmable fiscal wherewithal to consummate the transactions proposed in the Bid; and

- (2) be accompanied by a good-faith deposit in an amount equal to no less than five percent (5%) of the Bid Purchase Price (the "Bid Deposit"), in the form of a bank draft or wire transfer paid to the escrow account of Counsel;

(b) to the extent that the Bid is made to purchase any or all of the Licking River Debtors' Assets by assuming any portion of the Debtors' debts:

- (1) provide specific terms for the repayment of the such debts;
- (2) include the Initial Bidder's current financial statements and most recent tax returns;
- (3) include five (5) year financial projections indicating the Initial Bidder's ability to satisfy the repayment obligations of the debts, in addition to all other ongoing business expenses and financial obligations;
- (4) specifically state whether a part of the Bid includes a personal guaranty of the debts, and if such a guaranty is proposed, provide the identity of the proposed guarantor, the guarantor's current financial statements, and the guarantor's most recent tax return; and

(v) to the extent that the Initial Bidder is an entity, describe with particularity any capital infusions to be made into the entity in conjunction with the Bid, including, but not limited to, the repayment terms of any such capital infusion if such infusion is in the form of a loan to the entity;

(vi) provide that such Initial Bidder's offer is irrevocable until the closing of the sale of the Assets if such Potential Bidder is a Successful Bidder or a Reserve Bidder (each as defined below);

(vii) affirmatively state that the Initial Bidder will fully and completely comply with these Bidding Procedures; and

(viii) affirmatively state that the initial Bidder is prepared to consummate and close the transaction on or before **Monday, April 6, 2015**.

All Initial Bids must also be submitted so as to be actually received by the Debtors, Counsel, and the Consulting Parties, on or before the Initial Bid Deadline, **Wednesday, March 11, 2015 at 5:00 p.m. (ET)**. Initial Bids should be submitted via email to the Debtors, Counsel, and counsel to the Consulting Parties at the addresses listed in Section M below. Additionally, two hard copies of each Initial Bid must also be submitted via hand delivery, first-class U.S.

mail, or other acceptable form of parcel delivery, postage prepaid, to Counsel at the address listed in Section M below.

The Debtors, acting in consultation with their professionals, and the Consulting Parties, shall determine whether an Initial Bidder is a Qualified Bidder; provided, however, that the Court shall have the authority to adjudicate any dispute on whether an Initial Bidder is a Qualified Bidder. In order to be a "Qualified Bidder," such Bidder must have submitted an Initial Bid including all information required by these Bidding Procedures by the Initial Bid Deadline. The Licking River Lenders are Qualified Bidders.

The Debtors reserve the right to reject any Bid. Moreover, following consultation with their professionals and the Consulting Parties, the Debtors reserve all rights to waive compliance with any identified requirement for a Bid to qualify as a Qualified Bid on any reasonable basis.

E. Bid Review.

(i) **Initial Bid.** If the Debtors receive more than one Qualified Bid, the Debtors will review all Qualified Bids, in consultation with the Consulting Parties, to determine which Bid represents the "highest and best" offer to purchase the Assets as of that date. The Debtors anticipate that the "highest and best" Qualified Bid shall be deemed the Initial Bid for the Licking River Debtors' Assets identified in the Qualified Bid. On or before **Friday, March 13, 2015 at 12:00 p.m. (ET)**, the Debtors will file a notice with the Court identifying the assets to be transferred and all material terms of the transaction contemplated in the Initial Bid. **Each Initial Bid shall be subject to higher and better bids.** The Debtors shall be under no obligation to designate and name an Initial Bid or accept any Initial Bid(s) for any or all of the Licking River Debtors' Assets.

(ii) **Competing Bid Selection Process.**

If the Debtors receive more than one Qualified Bid, the Debtors will hold an auction (the "Auction") on **Thursday, March 19, 2015**, with prior notice to all Qualified Bidder(s) at a time and location to be announced.

In order to participate in the Auction, all Qualified Bidder(s) must appear in person at the Auction, or through a duly authorized representative. In addition to Qualified Bidder(s) (along with their advisors and counsel), only representatives of the Debtors, Counsel, the Consulting Parties (along with their advisors and counsel), and the Office of the United States Trustee shall be entitled to be present at the Auction. The Debtors will arrange for a stenographic record of the Auction to be made. Each Qualified Bidder shall be required to confirm that it has not engaged in any actions that would be considered inconsistent with these Bidding Procedures or fundamentals of fairness with respect to the bidding or the Assets.

The Auction shall be conducted in rounds, in any order that the Debtors, in consultation with the Consulting Parties, determine. The Debtors reserve the right to aggregate Qualified Bids for piecemeal assets and compare such aggregated Qualified Bids with Qualified Bids for substantially all of the Assets in determining the then-current best Bid. The Debtors may return to an auction for any portion of the Assets at any time, until they have determined and named

Successful Bidder(s) (as defined herein) for all of the Assets. At the end of every round, the Debtors, after consultation with their professionals and the Consulting Parties, shall declare the highest or otherwise best Bid(s) at that time for the Assets then under consideration.

Upon a determination by the Debtors that no further higher or otherwise best bid(s) have been received, the Debtors may conclude the Auction. At the conclusion of the Auction, the Debtors, in consultation with their professionals, shall determine which Qualified Bid is the highest and best bid (a "Successful Bid"), and the next highest and best Qualified Bid submitted at the Auction (a "Reserve Bid"). The Qualified Bidder(s) submitting the Successful Bid(s) shall become "Successful Bidder(s)," and the Qualified Bidder(s) submitting the Reserve Bid(s) shall become "Reserve Bidder(s)," subject to approval of the Court at the Sale Hearing. The Auction results will then be filed in the Court record on or before **Wednesday, March 25, 2015**.

The Debtors, acting in consultation with their professionals and the Consulting Parties, reserve the right to approach any Bidder(s) and seek clarification of bids at any time, including without limitation, inviting Bidder(s) to communicate with other Bidder(s) if such communication would be beneficial to the Auction.

Nothing herein shall preclude the Debtors, in consultation with their professionals and the Consulting Parties, from modifying any of the aforementioned procedures for conducting the Auction.

F. Credit Bidding

On or before **Wednesday, March 11, 2015 at 5:00 p.m. (ET)**, any party asserting a right to credit bid under section 363(k) of the Bankruptcy Code (a "Credit Bid Party"), shall file a notice of right to credit bid with the Court setting forth: (a) the Assets to which it asserts a right to credit bid; (b) the amount of its claim to which it asserts a right to credit bid on the Assets and the components of that claim (i.e., principal, accrued interest and any other charges); and (c) evidence of its secured status on any Assets to which it asserts a right to credit bid (a "Credit Bid Notice"). Any objections to a Credit Bid Notice shall be filed on or before **Friday, March 13, 2015 at 12:00 p.m. (ET)**. If a party timely files an objection to a Credit Bid Notice, the Court shall hold a hearing to consider the rights, circumstances and any conditions on the right of Credit Bid Party to submit a credit bid on **Tuesday, March 17, 2015 at 9:30 a.m. (ET)**.

G. Modification of Bid Procedures

The Debtors may amend or alter the sales process, bid requirements, auction procedures and/or timing, in consultation with the Consulting Parties, in order to maximize the returns realized by any such sale without further order of the Court; *provided, however*, that the Debtors may not materially modify the Bidding Procedures (other than extension of any deadlines) without the approval of the Committee.

H. Return of Deposits to Qualified Bidder(s)

The Bid Deposit(s) of the Successful Bidder(s) shall be applied to the Successful Bidder(s)' obligations under the Successful Bid(s) upon closing of the transactions contemplated

thereby. If a Successful Bidder(s) fails to close the transactions contemplated by the Successful Bidder, then such Successful Bidder(s) shall indefeasibly forfeit its Bid Deposit(s).

The Bid Deposit(s) of the Reserve Bidder(s) shall be returned to the Reserve Bidder(s) upon closing of the transactions contemplated by the Successful Bidder; *provided, however*, that if the Successful Bidder(s) fail to close the transactions when and as provided in the Successful Bid(s), then the Deposit(s) of the Reserve Bidder(s) shall be applied to the Reserve Bidder(s)' obligations under the Reserve Bid(s) upon closing of the transactions contemplated thereby. If a Reserve Bidder(s) fails to close the transactions contemplated by a Reserve Bid(s), then such Reserve Bidder(s) shall forfeit their Bid Deposit(s).

All other Bid Deposit(s) shall be returned within five (5) business days after the conclusion of the Sale Hearing and/or three (3) business days after entry of a Sale Order, whichever is longer.

The Debtors reserve all their rights regarding any return of Bid Deposit(s), and failure by the Debtors to timely return any Deposit(s) shall not serve as a claim for breach of any bid(s) or create any default in favor of any Bidder(s).

I. Free of Any and All Interests.

Except as otherwise provided in the Successful Bidder's APA and subject to the approval of the Court, all of Licking River Debtors' right, title and interest in and to the Assets subject thereto shall be sold free and clear of all liens, claims, rights, interests, and encumbrances to the maximum extent permitted by 11 U.S.C. § 363, with all such liens, claims, rights, interests, and encumbrances to attach to the net proceeds of the sale of the LR Assets with the same validity and priority as such liens, claims, rights, interests, and encumbrances applied against the LR Assets. The Debtors shall hold such proceeds in escrow and shall not be entitled to use such proceeds without further order of the Court.

J. Sale Hearing.

The Sale Hearing will be held on **Tuesday, March 31, 2015 at 1:30 p.m. (ET)** in the United States Bankruptcy Court for the Eastern District of Kentucky, 100 East Vine Street, Third Floor, Lexington, Kentucky. At the Sale Hearing, the Debtors will seek the entry of an order or orders (the "Sale Order(s)") approving and authorizing the proposed Sale to the Successful Bidder(s).

K. Retention of Necessary Books and Records.

Upon completion of any Court-approved Sale, the Debtors will maintain copies of the Debtors' books and records that the Debtors determine are necessary to complete the administration of their bankruptcy cases. In addition, any Successful Bidder(s) (as defined below) will be asked and required to cooperate with the Debtors in good faith in the event that the Debtors need any other records after the Closing that are in the possession of the Successful Bidder(s).

L. Closing.

The closing of any sale of the Assets (the “Closing”) will occur in accordance with the terms of each Successful Bidder’s APA, and shall occur no later than **Monday, April 6, 2015**, unless otherwise approved by the Court.

M. Contact Information. All contact made with respect to these Bidding Procedures shall be made via the following:

<p>Debtors</p> <p>John A. Collins Chief Executive Officer U.S. Coal Corporation 101 Helm Street, Suite 150 Lexington, Kentucky 40505 Telephone: (606) 743-7891 jcollins@uscoalcorporation.com</p> <p>Michael P. Windisch Chief Financial Officer U.S. Coal Corporation 101 Helm Street, Suite 150 Lexington, Kentucky 40505 Telephone: (859) 223-8820 mwindisch@uscoalcorporation.com</p>	<p>Debtors’ Counsel</p> <p>Laura Day DelCotto, Esq. Amelia Martin Adams, Esq. DelCotto Law Group PLLC 200 North Upper Street Lexington, Kentucky 40507 Telephone: (859) 231-5800 Facsimile: (859) 281-1179 ldelcotto@dlgfirm.com aadams@dlgfirm.com</p> <p>Dennis J. Drebsky, Esq. Christopher M. Desiderio, Esq. Nixon Peabody LLP 437 Madison Avenue New York, New York 10022 Telephone: (212) 940-3085 Facsimile: (866) 596-3967 ddrebsky@nixonpeabody.com cdesiderio@nixonpeabody.com</p>
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<p>Financial Advisor to the Debtors</p> <p>Evan Blum GlassRatner Advisory & Capital Group LLC One Grand Central Place 60 East 42nd St., Suite 1062 New York, NY 10165 Telephone: (212) 922-2108 Facsimile: (888) 437-6498 eblum@glassratner.com</p>	<p>Counsel to the Official Committee of Unsecured Creditors (the “Committee”)</p> <p>Geoffrey S. Goodman, Esq. Foley & Lardner LLP 321 North Clark Street Suite 2800 Chicago, IL 60654-5313 Telephone: (312) 832-4514 Facsimile: (312) 832-4700 ggoodman@foley.com</p> <p>Kent Barber, Esq. Barber Law PLLC 420 Merribrook Court Lexington, KY 40503 Telephone: (606) 776-6866 kbarber@barberlawky.com</p>
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Counsel to the Licking River Lenders

Michael Luskin, Esq.
Alex Talesnick, Esq.
Luskin, Stern & Eisler LLP
Eleven Times Square
New York, NY 10036
Telephone: (212) 597-8200
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luskin@lsellp.com
talesnick@lsellp.com

Please direct any questions regarding the foregoing Bidding Procedures to Debtors' Counsel.

BIDDING PROCEDURES ORDER EXHIBIT B

[Notice to All Creditors and Parties in Interest]

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF KENTUCKY
ASHLAND, LONDON, AND LEXINGTON DIVISIONS

IN RE: CHAPTER 11
LICKING RIVER MINING, LLC, *et al.* CASE NO. 14-10201
DEBTORS IN POSSESSION JOINTLY ADMINISTERED

**NOTICE OF APPROVAL OF BIDDING PROCEDURES FOR SALE OF
SUBSTANTIALLY ALL OF THE ASSETS OF DEBTORS LICKING RIVER
RESOURCES, INC., LICKING RIVER MINING, LLC, S. M. & J., INC., AND OAK HILL
COAL, INC. AND SCHEDULING OF SALE HEARING AND OBJECTION DEADLINES**

TO ALL CREDITORS AND PARTIES IN INTEREST:

The Debtors previously filed a Motion for an Order (A) Approving Bidding Procedures and Related Deadlines for Licking River Debtors' Assets; (B) Scheduling Date and Time for Sale Hearing; (C) Approving Form and Manner of Notice of Same; and (D) Approving Form and Manner of Notice of Proposed Assumption and Assignment or Rejection of Certain Executory Contracts and Unexpired Leases, and for Cure Claims Regarding Same (the "Bidding Procedures Motion") [Doc 867]. The United States Bankruptcy Court for the Eastern District of Kentucky (the "Court") entered an order approving same (the "Bidding Procedures Order") [Doc ___] which approves certain bidding and auction procedures (the "Bidding Procedures") pursuant to which the Debtors will solicit bids and seek authority to sell (the "Sale Process") substantially all of the assets (the "LR Assets") of Licking River Resources, Inc., Licking River Mining, LLC, Oak Hill Coal, Inc., and S. M. & J., Inc. (collectively, the "Licking River Debtors") that are the subject of Sale Motions² to be filed on or before **Friday, March 13, 2015 at 12:00 p.m. (ET)**.

NOTICE IS HEREBY GIVEN that copies of the Bidding Procedures Motion and the Bidding Procedures Order are on file with the Clerk of the Court and may be obtained at the Debtors' claims agent website at: <http://dm.epiq11.com/UCO/>.

NOTICE IS HEREBY GIVEN that the Bidding Procedures, including instructions for submission of Qualified Bids, and Auction if there are competing Qualified Bids, govern participation in the Sale Process. Questions and additional information regarding the Bidding Procedures, along with additional information relating to the Assets and/or the Sale, may be

² All capitalized terms used herein and not otherwise defined have the meanings ascribed to them in Bidding Procedures Motion or, if not defined therein, then as defined in the Bankruptcy Code, unless the context clearly requires otherwise.

obtained by contacting counsel for the Debtors (“Counsel”), DelCotto Law Group PLLC, 200 North Upper Street, Lexington, Kentucky, Attn: Laura Day DelCotto and Amelia Martin Adams, (859) 231-5800, or by email at ldelcotto@dlgfir.com and aadams@dlgfir.com, and Nixon Peabody LLP, 437 Madison Avenue, New York, New York 10022, Attn: Dennis J. Drebsky and Christopher M. Desiderio, (212) 940-3000, or by email at ddrebsky@nixonpeabody.com and cdesiderio@nixonpeabody.com.

NOTICE IS HEREBY GIVEN that the hearing to consider approval of the Sale of the Assets to the Bidder(s) submitting the highest and best offer(s) therefor shall be held on **Tuesday, March 31, 2015 at 1:30 p.m. (ET)** in the United States Bankruptcy Court for the Eastern District of Kentucky, 100 East Vine Street, Third Floor, Lexington, Kentucky.

NOTICE IS HEREBY GIVEN that all creditors and parties in interest will receive an additional notice of any proposed Sale Motions, which will be given on or before **Friday, March 13, 2015 at 12:00 p.m. (ET)**, and, if necessary, an Auction will be conducted on **Thursday, March 19, 2015** at a location and time to be determined. Objections to the Sale Motions shall be in writing, shall conform to the Bankruptcy Rules and the Local Rules and order of this Court, shall set forth (i) the nature of the objector’s claims against or interests in the Debtors’ bankruptcy Estates; (ii) the basis for the objection; and (iii) the specific grounds therefor; and shall be filed and served so as to be received on or before **Friday, March 27, 2015 at 3:00 p.m. (ET)**. Any party that does not comply with this paragraph shall not be heard at the Sale Hearing, unless otherwise ordered by the Court.

NOTICE IS FURTHER HEREBY GIVEN that any inquiries regarding information contained in this Notice should be directed to Counsel for the Debtors.

Dated: _____

Respectfully submitted,

DELCOTTO LAW GROUP PLLC

/s/ Amelia Martin Adams, Esq.
KY Bar No. 93038
Laura Day DelCotto, Esq.
KY Bar No. 81763
200 North Upper Street
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Telephone: (859) 231-5800
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and

NIXON PEABODY LLP

/s/ Dennis J. Drebsky, Esq.

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COUNSEL FOR DEBTORS

AND DEBTORS IN POSSESSION

BIDDING PROCEDURES ORDER EXHIBIT C
[Notice to Executory Contracts and Lease Parties]

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF KENTUCKY
ASHLAND, LONDON, AND LEXINGTON DIVISIONS

IN RE: CHAPTER 11
LICKING RIVER MINING, LLC, *et al.* CASE NO. 14-10201
DEBTORS IN POSSESSION JOINTLY ADMINISTERED

NOTICE OF (I) POTENTIAL ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND LEASES; (II) REQUIREMENTS TO PROVIDE INFORMATION AS TO CURE AMOUNTS; (III) PROCESS FOR DETERMINING CURE AMOUNTS WITH RESPECT TO EXECUTORY CONTRACTS AND LEASES TO BE ASSUMED AND ASSIGNED; AND (IV) SALE HEARING AND OBJECTION DEADLINES

TO ALL KNOWN PARTIES TO EXECUTORY CONTRACTS AND LEASES:

Pursuant to the Order (A) Approving Bidding Procedures and Related Deadlines; (B) Scheduling Date and Time for Sale Hearing; (C) Approving Form and Manner of Notice of Same; and (D) Approving Form and Manner of Notice of Proposed Assumption and Assignment or Rejection of Executory Contracts and/or Unexpired Leases and Related Cure Claims (the “Bidding Procedures Order”) [Doc ____], the Debtors hereby provide notice that the Executory Contracts and/or Unexpired Leases listed on Exhibit A hereto may be assumed and/or assigned by Debtors Licking River Resources, Inc., Licking River Mining, LLC, Oak Hill Coal, Inc., and S. M. & J., Inc. (collectively, the “Licking River Debtors”) pursuant to 11 U.S.C. § 365, to the person(s) submitting the highest and best offer(s) for the LR Assets¹ or any portion thereof pursuant to the Bidding Procedures approved under the Bidding Procedures Order (any such person(s) is/are referred to below as an “Assignee”).

NOTICE IS HEREBY GIVEN that opposite the name of each non-Debtor party to an Executory Contract or Unexpired Lease on Exhibit A is the dollar amount that the Licking River Debtors believe is necessary to cure any defaults under any such contract or lease to which such non-Debtor is a party (as to each such respective Executory Contract and Unexpired Lease, the “Cure Amount”).

¹ Any capitalized terms not otherwise defined herein shall have the meanings given to them in the Debtors’ Motion for an Order (A) Approving Bidding Procedures and related Deadlines for Licking River Debtors’ Assets; (B) Scheduling Date and Time for Sale Hearing; (C) Approving Form and Manner of Notice of Same; and (D) Approving Form and Manner of Notice of Proposed Assumption and Assignment or Rejection of Certain Executory Contracts and Unexpired Leases and Related Cure Claims [Doc 867].

NOTICE IS HEREBY GIVEN that if you object or disagree with the Cure Amount listed for you on Exhibit A, you should contact John Collins or Michael Windisch at the Licking River Debtors' office via email at jcollins@uscoalcorporation.com or mwindisch@uscoalcorporation.com to provide additional information and seek to negotiate an agreed-upon Cure Amount prior to the Objection Deadline below.

NOTICE IS HEREBY GIVEN that the Licking River Debtors will file a Sale Motion(s) on or before **Friday, March 13, 2015 at 12:00 p.m. (ET)**, which will further specify the proposed Assignee for your Contract or Lease, or proposed rejection of same, which as of this date has not yet been identified. You will receive additional notice at that time of the Motions, including the treatment of your Contract or Lease. If the proposed Assignee changes after the Auction to be conducted on **Thursday, March 19, 2015**, if necessary, you will receive additional notice.

NOTICE IS HEREBY GIVEN that a Sale Hearing to consider all sales, including any assignments, is scheduled for **Tuesday, March 31, 2015 at 1:30 p.m. (ET)** in the United States Bankruptcy Court for the Eastern District of Kentucky, 100 East Vine Street, Third Floor, Lexington, Kentucky.

NOTICE IS HEREBY GIVEN that if you object to (a) the stated Cure Amount listed on Exhibit A and have not resolved same consensually with the Licking River Debtors in writing, or (b) the assumption and/or assignment of a specific Unexpired Lease or Executory Contract to any proposed Assignee, then the Objection Deadline for filing and serving a written objection outlining your positions is **Friday, March 27, 2015 at 3:00 p.m. (ET)**.

NOTICE IS HEREBY GIVEN that any objections: (a) shall be in writing; (b) shall conform to the Bankruptcy Rules and the Local Rules and Standing Orders of this Court; (c)(i) shall set forth why you object to such Cure Amount and what cure amount you believe is required, (ii) shall provide sufficient documentation to support the cure amount you assert, (iii) if you object to assumption and/or assignment of a given Executory Contract or Unexpired Lease, the reasons why you object; and (d) shall be filed and served so as to be received on or before **Friday, March 27, 2015 at 3:00 p.m. (ET)**. If no objection is timely filed with respect to a given Cure Amount, the Cure Amount set forth herein for such Executory Contract or Unexpired Lease shall be binding upon the non-Debtor party to such Executory Contract or Unexpired Lease, unless otherwise ordered by the Court. All non-Debtor parties that file a timely objection which is not resolved prior to the Sale Hearing are required to appear at the Sale Hearing on **Tuesday, March 31, 2015 at 1:30 p.m. (ET)** for consideration of same.

Respectfully submitted,

DELCOTTO LAW GROUP PLLC

/s/ Amelia Martin Adams, Esq.

KY Bar No. 93038

Laura Day DelCotto, Esq.

KY Bar No. 81763

200 North Upper Street

Lexington, KY 40507

Telephone: (859) 231-5800

Facsimile: (859) 281-1179

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ldelcotto@dlgfirm.com

and

NIXON PEABODY LLP

/s/ Dennis J. Drebsky, Esq.

NY Bar No. 1181007

Christopher M. Desiderio, Esq.

NY Bar No. 4350633

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COUNSEL FOR DEBTORS
AND DEBTORS IN POSSESSION

Licking River Mining, LLC, *et al.*
Case No. 14-10201

Schedule of Known Parties to Executory Contracts and Unexpired Leases of Licking River Resources, Inc., Licking River Mining, LLC, Oak Hill Coal, Inc., and S. M. & J., Inc.