

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA**

In Re:)	Chapter 11
)	
BLACKJEWEL, L.L.C., et al.,)	Case No. 19-bk-30289
)	
Debtors.		

**OBJECTION OF AMERICAN RESOURCE CORPORATION TO NOTICE OF
AUCTION RESULTS AND SELECTION OF SUCCESSFUL BIDS AND BACKUP BIDS**

AMERICAN RESOURCES CORPORATION (“American Resources”), by its undersigned counsel, Nelson Mullins Riley & Scarborough, LLC files this Objection to the Notice of Auction Results and Selection of Successful Bids and Backup Bids (Doc. No. 522) (the “Notice of Auction Results”), stating to the Court as follows:

American Resources has been designated as the Backup Bid¹ for Lot 1 and Lot 2. However, the Notice of Auction Results does not provide any details of American Resources’ bid to allow the Court or interested parties to undertake any meaningful analysis of the Debtors’ business judgment with respect to the sale of Lot 1 and Lot 2. The details of American Resource’s last accepted bid are summarized as follows:

Assets: The Assets described more definitively in American Resources Corporation’s bid, and referred to in the Notice as Lot 3, which substantially includes all of the Debtor’s “Eastern” assets, excluding what is commonly known as the “Pax” assets and that of Mine “S17”.

Cash consideration at Closing consisting of \$6,000,000 paid to the bankruptcy estate.

¹ Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Notice of Auction Results.

Additional consideration: Future royalties with a Net Present Value (“NPV”) in the amount of:

- a) \$7,476,625 to the bankruptcy estate (representing gross royalties in the amount of \$13,500,000 over 6 years, and annual royalties of \$2,250,000, using a discount rate of 20%), plus
- b) another future royalty with NPV of \$2,419,946 (representing gross royalties in the amount of \$3,650,000 over 4 years using a discount rate of 20%) to fund the pre-petition “Eastern” employee wages (the “Employee Fund”). The Employee Fund is proposed by American Resources’ to be established in order to satisfy all unpaid pre-petition wages of the “Eastern” employees in the total amount of approximately \$3,650,000.
- c) American Resources’ bid also includes the consideration of that of Tye Fork Coal Company, Inc. and Coking Coal, LLC as detailed in Notice of Auction Results.

Assumption of Asset Retirement Obligations (“ARO”):² \$215,000,000.00

The foregoing describes American Resources Corporation’s last accepted bid, but not its last stated bid. The Notice of Auction Results states that the Debtors rejected American Resources’ last stated bid at the Auction. As will be more thoroughly explained in a forthcoming objection, American Resource’s last stated bid was the highest and best bid for Lot 1 and Lot 2,

² Amounts of ARO identified in this Objection are approximations representing the aggregate amount of surety bonds posted to ensure payment of reclamation obligations relating to permits to be acquired by the applicable Successful Bidder.

complied with all of the requirements of the auction, and should have been accepted by the Debtors.

Respectfully Submitted,

AMERICAN RESOURCES CORPORATION

/s/ Randall L. Saunders

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CERTIFICATE OF SERVICE

The undersigned attorney hereby certifies that on the 4th day of August, 2019, the foregoing “*OBJECTION OF AMERICAN RESOURCE CORPORATION TO NOTICE OF AUCTION RESULTS AND SELECTION OF SUCCESSFUL BIDS AND BACKUP BIDS*” was filed through the Court’s ECF system, which will automatically send an electronic copy to the registered participants as identified on the Notice of Electronic Filing.

/s/ Randall L. Saunders