

**IN THE 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.<sup>1</sup> ) (Jointly Administrated)

**DECLARATION OF ROBERT J. WHITE IN SUPPORT OF SALE OF DEBTORS’  
WESTERN ASSETS TO EAGLE SPECIALTY MATERIALS, LLC**

1. I submit this declaration (this “Declaration”) pursuant to 28 U.S.C. § 1746 in support of the *Debtors’ Motion for an Order Authorizing the Private Sale of the Western Assets to Eagle Specialty Materials, LLC Free and Clear of All Claims, Liens, Liabilities, Rights, Interests and Encumbrances and Granting Related Relief* (the “Sale Motion”).<sup>2</sup>

2. Except as otherwise indicated, the facts set forth in this Declaration are based upon my personal knowledge, my review of the relevant documents and/or my views based upon my experience as a restructuring professional and my personal knowledge and experience of the Debtors’ business and financial condition. If called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

3. On June 29, 2019, Jefferies LLC (“Jefferies”) was retained as the Debtors’ investment banker. Since its retention, Jefferies has been assisting and advising the Debtors in connection with their consideration of strategic alternatives, including potential sale and debtor-in- possession financing opportunities, as well as providing general restructuring advice.

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<sup>1</sup> The Debtors in these chapter 11 cases and the last four digits of each Debtor’s taxpayer identification number are as follows: Initial Debtors: Blackjewel, L.L.C. (0823); Blackjewel Holdings L.L.C. (4745); Revelation Energy Holdings, LLC (8795); Revelation Management Corporation (8908); Revelation Energy, LLC (4605); Dominion Coal Corporation (2957); Harold Keene Coal Co. LLC (6749); Vansant Coal Corporation (2785); Lone Mountain Processing, LLC (0457); Powell Mountain Energy, LLC (1024); and Cumberland River Coal LLC (2213). The headquarters for each of the Debtors is located at 1051 Main Street, Milton, West Virginia 25541-1215.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Sale Motion and the Bidding Procedures Order, as applicable.

4. On July 25, 2019, the Debtors sought an order from this Court authorizing, among other things, the sale of substantially all of the Debtors' assets through a sale process governed by certain Bidding Procedures. On July 26, 2019, the Court entered an order (the "Bidding Procedures Order") approving the sale process proposed by the Debtors.

5. Upon entry of the Bidding Procedures Order, the Debtors, with the assistance of Jefferies, contacted forty interested parties, twenty-two of whom executed confidentiality agreements and received access to diligence materials, and seventeen parties (in addition to the stalking horse purchaser) submitted binding offers for certain of the Debtors' assets. The sale process culminated in an auction, at the conclusion of which the Debtors declared ten Successful Bidders for a substantial portion of the assets, including Contura Energy, Inc. ("Contura") with respect to its combined bid for the Western Assets and the Pax Assets. Contura had been previously qualified as the stalking horse bidder under the Bidding Procedures Order.

6. At the conclusion of the Sale Hearing, the Court approved all of the requested sales, including Contura's purchase of the Western Assets and Pax Assets. The Court's approval of the sale of the Western Assets and Pax Assets was subject to the completion of necessary transaction documentation and the entry of an order by the Court approving each specific sale. The Contura Bid was also conditioned on finalizing an agreement between Contura and various regulatory agencies regarding the assignment of leases and the treatment of the claims of those agencies and the long term mining plan under which Contura would operate the Western Assets.

7. The Debtors and Contura expected to close the sale of the Western Assets and the Pax Assets to Contura simultaneously. However, despite extensive negotiations with the necessary governmental authorities, the approvals required to close the sale of the Western Assets to Contura were not obtained as quickly as the parties hoped. To move forward, the

Debtors elected to bifurcate the sale of the Western Assets and the Pax Assets and sought the Court's authority to close the sale of the Pax Assets to Contura separately. The Court approved the sale of the Pax Assets to Contura and the Debtors have now closed the sale of the Pax Assets (the "Pax Sale").

8. In light of the challenges posed by the sale of the Western Assets to Contura, the Debtors, in consultation with their advisors, and with Contura's consent, determined that it is in the best interests of the Debtors, their estates and creditors to instead sell the Western Assets to Eagle Specialty Materials, LLC ("ESM") in a private sale without any further sale process or auction. Given the marketing efforts to date, the results of the above-described auction and the inability of the parties to close the Contura deal for the Western Assets, I believe that the sale of the Western Assets to ESM pursuant to the terms of the Sale Agreement and the Sale Order constitutes the best transaction available to the Debtors involving the Westerns Assets under the circumstances. The Debtors, however, must consummate the proposed sale to ESM no later than October 7, 2019.

9. In connection with the proposed sale of the Western Assets to ESM, Contura and the Debtors have agreed that, among other things as listed further below, (i) Contura's rights and obligations to purchase the Western Assets will immediately terminate; and (ii) upon closing of the sale of the Western Assets to ESM, Contura will waive its right to seek repayment of the \$3.05 million remaining portion of the Purchase Deposit (as defined in the Sale Order). Additionally, ESM and Contura have entered into various binding agreements, pursuant to which Contura will, among other things, (i) pay ESM \$90,000,000 as an inducement for its purchase of the Western Assets; and (ii) convey to ESM its right, title, and interest in certain Ranches and any other surface and/or mineral estates owned by Contura, or its controlled affiliates, in

Wyoming. ESM will also be assuming approximately \$250 million of ARO liabilities related to the Debtors' Western operations, will be operating the Western mines as a going concern, and intends to bring employees back to work as part of the transaction.

10. The consideration being provided by Contura to the Debtors' estates and ESM in connection with and upon the closing of the sale of the Western Assets includes (i) the \$90 million cash payment by Contura to ESM as an inducement for ESM to purchase the Western Assets, (ii) the transfer by Contura of the Belle Ayr Ranch and Black Thunder Ranch and certain other real estate interests in Wyoming to ESM as an inducement for ESM to purchase the Western Assets, (iii) the release by Contura of its secured claim and lien arising from the remainder of the Purchase Deposit not allocated to the sale of the Pax Assets, (iv) the release by Contura of the Contura Lien (as defined in the Sale Order) it holds on certain Mining Equipment (as defined in the Sale Order), (v) the waiver and release by Contura of all other pre-petition unsecured claims it holds against the Debtors' estates, (vi) the consent by Contura to the Junior DIP Settlement (as defined in the Sale order) with respect to the Junior DIP Loan (as defined in the Sale Order), in conjunction with which Junior DIP Loan Contura provided the Junior DIP Lenders (as defined in the Sale order) a put option, and (vii) Contura's consent to allow ESM to conduct mining operations with respect to the Western Assets pursuant to the Permit Operating Agreement dated December 8, 2017, between an affiliate of Contura and the Debtors. I believe, based on my experience and professional judgment, the forgoing additional consideration being provided by Contura to the Debtors' estates and ESM is further justification for the releases granted by ESM to Contura in Section 8.8 of the Pax APA (as defined in the Sale Order), which are reaffirmed through the Sale Order effective as of the closing of the sale of the Western Assets. I understand that reaffirmation of these releases is a significant component of Contura's

agreement to provide the forgoing consideration, and that failure to reaffirm might otherwise jeopardize the opportunity to close this multi-party transaction or result in a material reduction in the consideration being offered by Contura to the Debtors and FM Coal. Based on my experience and professional judgment, such releases are usual and customary in complex sale transactions such as this transaction and are necessary in order to close this transaction for the benefit of the estate.

11. In my view and experience as a restructuring professional, I believe that selling the Western Assets through a private sale is appropriate and justified under the circumstances. First, the Debtors ran a fulsome and competitive marketing and sale process, with the input and involvement of their key creditor constituencies, and only two parties, including Contura, chose to bid on the Western Assets. The only other bidder for the Western Assets in the first sale process was Riverstone Credit Partners – Direct L.P, who offered a credit bid in the amount of \$20,000,000. Second, the Debtors need to close the sale of the Western Assets no later than October 7, 2019 and that is only possible to do so with ESM as the buyer and without any further sale process. Third, at this point, ESM is the only buyer that has the necessary agreements with Contura, can demonstrate the necessary support of the key regulatory agencies, and is offering satisfactory consideration so that the sale can close by that date. Importantly, the Debtors have been informed that ESM has been working diligently and productively with the necessary governmental parties and fully expects to receive all required governmental approvals to consummate the sale and acquire the Debtors’ permits and leases with respect to the Western Assets. Fourth, a private sale is significantly less expensive and time consuming, which limits the risk of attempting to extend the sale process beyond October 7, 2019.

12. The Debtors believe that the proposed sale to ESM will allow the Debtors to promptly move to complete a successful reorganization process which will maximize the value of the Debtors' assets on the whole and enable creditors to obtain the highest possible recoveries under the circumstances. The Debtors also believe the sale should also allow up to 500 miners to go back to work at the Belle Ayr and Eagle Butte mines and provide that the prepetition amounts owed to western employees will be paid by ESM. As a result of the proposed sale of the Western Assets to ESM, the Debtors also expect to promptly exit these chapter 11 cases. In that regard, the Debtors are in discussions with the Official Committee of Unsecured Creditors and the Office of the United States Trustee, as well as other stakeholders, regarding the most efficient and expeditious resolution of these cases.

13. Time is of the essence, however, and obtaining prompt bankruptcy court approval of the sale to ESM is crucial because the sale must close no later than October 7, 2019 as required by ESM. I understand that the timing is driven by, among other things, the need to preserve the Debtors' current customer base. Specifically, ESM must contract with Blackjewel Marketing and Sales Holdings, LP, which is currently the exclusive purchaser of the Debtors' western production and which is the counterparty with all of the end-user customers. If the closing is delayed beyond October 7, 2019, the parties believe that there is a significant risk that the contracts with the end-users of the coal produced at the Belle Ayr and Eagle Butte mines could be terminated and significantly damage the value of the Western Assets and put the sale to ESM at risk.

14. Accordingly, for all of the foregoing reasons, I believe that the proposed sale to ESM, in a private sale transaction, is reasonable and appropriate under the circumstances and is the best, and likely only, transaction available to the Debtors concerning the Western Assets.

15. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: October 2, 2019

*/s/ Robert J. White*

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Robert J. White  
Managing Director  
Jefferies LLC

*Investment Banker for the Debtors*