

M-2025-3052793

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT COURT OF DELAWARE**

In re:

KTRV LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10601 (MFW)

(Joint Administration Requested)

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**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I)  
AUTHORIZING DEBTORS TO PAY CERTAIN PREPETITION TAXES AND FEES;  
(II) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND  
ELECTRONIC TRANSFER REQUESTS; AND (III) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors-in-possession (the "Debtors"), by and through their undersigned counsel, hereby submit this motion (the "Motion") for entry of an interim and final order, substantially in the forms attached hereto as Exhibit A and Exhibit B (respectively, the "Interim Order" and the "Final Order"), pursuant to sections 105(a), 363(b) 507(a)(8), and 541(d) of title 11 of the United States Code (the "Bankruptcy Code") (i) authorizing, but not directing, the Debtors to pay certain prepetition taxes and fees in the ordinary course of business, as the Debtors, in their sole discretion, deem necessary; and (ii) authorizing banks and financial institutions to receive, process, honor and pay all checks and transfers related thereto. In support of this Motion, the Debtors rely on *Declaration of Brian Ryniker in Support of the Debtors' Chapter 11 Petitions and First Day Pleadings* (the "First Day Declaration") concurrently filed herewith. In further support of the Motion, the Debtors respectfully represent as follows:

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<sup>1</sup> The Debtors in these chapter 11 cases, along with each the last four digits of each Debtor's tax identification number, are as follows: KTRV LLC (9993). Heritage Coal & Natural Resources, LLC (8326). The Debtors' service address is 1521 Concord Pike, Suite 201, Wilmington, DE 19803.

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012. Pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors confirm their consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these chapter 11 cases and this Motion is proper in this district under 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105(a), 363(b), 507(a), and 541 of title 11 of the United States Code, as amended (the “Bankruptcy Code”). The relief is also appropriate in accordance with Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedures (the “Bankruptcy Rules”), and Local Rule 9013-1(m).

### **BACKGROUND**

4. On March 30, 2025 (the “Petition Date”), each Debtor filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this Motion, the Debtors filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1. No request for the appointment of a trustee or

examiner has been made in these chapter 11 cases, and no official committee of unsecured creditors has been appointed in these chapter 11 cases.

5. KTRV, LLC is a Delaware holding company whose sole asset is the membership interest in Heritage Coal & Natural Resources, LLC ("HCNR"), a Pennsylvania Limited Liability Company.

6. HCNR currently owns and operates five producing coal mines and related operations in Pennsylvania and Maryland. Specifically, HCNR owns the following: (i) the Carlos site (located in Frostburg, MD) which is shipping and mining coal with a substantially reduced work crew, (ii) the Cabin Run site (located in Frostburg, MD) which is currently shipping coal and mining coal with a substantially reduced work crew, (iii) Summit #2 site (located in Meyersdale, PA) which is not currently mining or shipping coal, (iv) the Fisher #3 site (located in Meyersdale, PA) which is not currently mining or shipping coal, and (v) the Saylor Hill #2 site (located in Meyersdale, PA) which is currently mining coal with a substantially reduced work crew. Additionally, HCNR owns an operating wash plant located in Meyersdale, PA. Additionally, HCNR owns a number of permits for other sites that are currently in cessation or reclamation. HCNR's main office is located in Meyersdale, PA.

7. As of the Petition Date, HCNR now has approximately 44 employees, which can be divided as follows: 22 employees in mining operations sales and logistics, 16 employees in wash plant operations, and 6 office employees. 12 of those employees are salaried and 32 of which are paid on an hourly basis.

8. Additional factual background regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the filing of these chapter

11 cases, is set forth in detail in the First Day Declaration, filed concurrently herewith and incorporated herein by reference.

**THE DEBTORS' TAX AND FEE OBLIGATIONS<sup>2</sup>**

9. In the ordinary course of business, the Debtor incurs or collects and remits certain taxes including sales, use, and various other taxes, fees, charges, and assessments (the "Taxes and Fees"). The Debtors remit such Taxes and Fees to certain federal, state, local taxing and other governmental and/or municipal or governmental subdivisions or agencies of those state and/or counties (each, an "Authority" and collectively, the "Authorities"). The Taxes and Fees are paid bi-monthly, monthly, quarterly, semi-annually or annually to the respective Authorities, depending on the particular Tax or Fee and the Authority to which it is paid. Taxes and Fees are remitted and paid by the Debtors through checks and electronic transfers that are processed through their banks and other financial institutions. The Debtors pay the Taxes and Fees to the various Authorities on a periodic basis depending on their nature and incurrence.

10. As of the Petition Date, the Debtors estimate that they owe approximately \$39,304.13 in unpaid Taxes and Fees, of which \$3,550 is currently payable or will become due and owing to the Authorities in the first 21 days after the Petition Date. The Debtors seek authority pursuant to this Motion to make such payments with respect to Taxes and Fees where: (a) Taxes and Fees accrued or were incurred prepetition but were not paid prepetition or were paid in an amount less than actually owed; (b) Taxes and Fees paid prepetition by the Debtors were lost or otherwise not received in full by any of the Authorities; or (c) Taxes and Fees incurred for

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<sup>2</sup> The Debtors do not seek authority to collect and remit state and federal employee-related withholding taxes by this Motion. That relief is requested in *Debtors' Motion for Entry of Interim and Final Orders (i) Authorizing Debtors to (a) Pay Prepetition Wages, Employee Benefits Obligations, and Other Compensation, and (b) Continue Employee Benefits Programs and Pay Related Administrative Obligations and (ii) Granting Related Relief*, filed concurrently herewith.

prepetition periods may become due after the commencement of these Chapter 11 Cases. The Taxes and Fees are summarized as follows:

<b>Category</b>	<b>Description</b>	<b>Approximate Amount Accrued as of Petition Date</b>	<b>Approximate Amount Due During Interim Period</b>
Excise Taxes	Taxes associated with and indirectly connected to coal production and natural resource extraction.	\$6,500	\$3,250
Property Taxes	Taxes and obligations related to real and personal property holdings.	\$1,171.13	\$0.00
Regulatory, Environmental, and Other Taxes and Fees	Taxes and Fees related to permitting, licensing, regulatory assessments, reclamation fees, compliance with environmental laws and regulations, and other fees paid to the Authorities.	\$31,333	\$0.00
Fuel Related Taxes	Represents amounts to be remitted to state and federal authorities for taxes related to the of fuel for interstate commerce.	\$0.00	\$0.00
Business Entity Taxes	Represents amounts to be remitted to state authorities for taxes related to the formation and maintenance of business entities.	\$300	\$300

11. The Debtors seek authority to continue paying all Taxes and Fees, whether arising before or after the Petition Date, to ensure uninterrupted business operations. The continued payment of the pre-petition Taxes and Fees on their normal due dates will ultimately preserve the resources of the Debtors' estates. If such obligations are not timely paid, the Debtors' business operations may be suspended by certain licensing authorities and the Debtors will be required to expend time and money to resolve issues related to such obligations. The Debtors seek the relief

requested to minimize the impact that these Chapter 11 Cases may have on the Authorities and avoid unnecessary delay to the Debtors' emergence from bankruptcy.

12. Moreover, certain of the Taxes and Fees may not be property of the estate, as they are held in trust for payment to various Authorities. The federal government and states in which the Debtors operate have laws providing that the Debtors' officers, directors or other responsible employees could, under certain circumstances, be held personally liable for the nonpayment of such Taxes and Fees. To the extent that any accrued Taxes and Fees of the Debtors were unpaid as of the Petition Date in these jurisdiction, the Debtors' officers and directors could be subject to lawsuits during the pendency of these Chapter 11 Cases. In such event, collection efforts by the Authorities would be extremely distracting for the Debtors and their directors and officers in their efforts to bring this Chapter 11 Case to an expeditious, successful conclusion.

13. Based on the foregoing, the Debtors submit that the relief requested is necessary and appropriate, particularly under the circumstances of these Chapter 11 Cases, and is in the best interest of the Debtors, their estates, creditors and other parties in interest and, therefore, should be granted.

**A. Excise Taxes**

14. In the ordinary course of business, the Debtors incur fees levied by certain federal Authorities when coal is first sold or used (the "Excise Taxes"). Section 4121 of the Internal Revenue Code ("IRC") imposes a tax on each ton of coal sold, with rates varying by the type of mine producing the coal. 26 U.S.C. § 4121. A portion of the Excise Taxes imposed is used to fund a statutorily mandated Black Lung Disability Trust Fund. *See* 26 U.S.C. § 9501. The Black Lung Disability Trust Fund finances benefits to miners that become disabled on account of Black Lung Disease if and when the mine operator responsible for such benefits ceases to exist, has no

successor operator, or is unable to pay such benefits. The Debtors pay the Excise Taxes on a semi-monthly basis, typically the fourteenth and twenty-ninth of the month.

15. The Debtors pay, on average, approximately \$6,000 a month in Excise Taxes to the relevant Authorities. As of the Petition Date, the Debtors estimate that they have incurred approximately \$6,500 in Excise Taxes that have not yet been remitted to the relevant Authorities of which, approximately \$3,250 will become due during the first 21 days after the Petition Date.

#### **B. Property Taxes**

16. State and local laws in the jurisdictions where the Debtors operate generally grant Authorities the power to levy property taxes against real and personal property (collectively, the "Property Taxes"). The Debtors pay certain Property Taxes directly to the Authorities. The Debtors typically pay Property Taxes in the ordinary course of business on an annual basis, due April 30, 2025. As of the Petition Date, the Debtors estimate that they have accrued approximately \$1,171.13 in Property Taxes, none of which will become due during the first 21 days after the Petition Date.

#### **C. Regulatory, Environmental, and Other Taxes and Fees**

17. The Debtors incur, in the ordinary course of business, a variety of Taxes and Fees related to governmental laws and regulations, including federal taxes imposed in connection with the Surface Mining Act of 1977 (the proceeds of which are used to reclaim abandoned surface mins), similar state reclamation taxes, and other federal and state safety and environmental regulations (the "Regulatory, Environmental, and Other Taxes and Fees"). The Debtors typically remit Regulatory, Environmental, and Other Taxes and Fees to the relevant Authorities on a monthly or quarterly basis depending on the tax or fee. As of the Petition Date, the Debtors estimate that approximately \$31,333 in Regulatory, Environmental, and Other Taxes and Fees

have accrued, none of which will become due and owing within 21 days following the Petition Date.

**D. Fuel Related Taxes**

18. Certain states and the federal government require the Debtors to pay certain business taxes and fees as part of the use of fuel by interstate carriers who are part of the International Fuel Tax Agreement (“IFTA”) (the “Fuel Taxes”). The IFTA is an agreement among states of the United States and provinces of Canada providing for the payment of fuel taxes based on the total distance operated in all jurisdictions by each interstate carrier. The Debtors typically remit the Fuel Taxes to the relevant Authorities on an annual basis. The Debtors estimate that approximately \$0.00 in unpaid prepetition Fuel Taxes have accrued as of the Petition Date.

**E. Business Taxes, Annual Reporting Fees, and Other Miscellaneous Taxes**

19. Certain states require the Debtors to pay various business taxes, franchise taxes, annual reporting fees, and other miscellaneous taxes and fees to remain in good standing in order to conduct business within the state (the “Miscellaneous Fees and Business Taxes”). The manner in which the fees are computed vary according to the tax law of the applicable jurisdiction. As they come due, the Authorities to whom these Miscellaneous Fees and Business Taxes are owed may be entitled to a priority claim. The Debtors estimate that approximately \$300 in unpaid prepetition Miscellaneous Fees and Business Taxes have accrued as of the Petition Date, which will become payable during the first 21 days following the Petition Date. By this Motion, the Debtors request authority to pay any such amount that accrued prepetition, as they come due in the ordinary course of business.

**RELIEF REQUESTED**

20. The Debtors respectfully request entry of the Interim Order and Final Order, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**: (i) authorizing but not directing the Debtors to remit and pay certain prepetition taxes, fees, charges, and assessments (collectively, the "**Prepetition Tax Obligations**") accrued prior to the Petition Date (as defined below) that are or will become payable during the pendency of these chapter 11 cases to certain federal, state, local taxing and other governmental and/or municipal or governmental subdivisions or agencies of those state and/or counties, and (ii) granting related relief. In addition, the Debtors respectfully request that the Court schedule a final hearing on the Motion as soon thereafter as the Court's schedule reasonably permits.

21. The Debtors also request that the Interim Order and the Final Order: (i) authorize all applicable banks and other financial institutions (collectively, the "**Banks**"), when requested by the Debtors in their sole discretion, to receive, process, honor, and pay any and all checks, drafts, and other forms of payment, including fund transfers on account of obligations owed to the Authorities, whether such checks or other requests were submitted before, on, or after the Petition Date; (ii) authorize the Banks to rely on the representations of the Debtors as to which checks and fund transfers are subject to this Motion, provided that no such Bank shall have any liability to any party for relying on such direction and representations by the Debtors; (iii) provide that the Banks shall, at the direction of the Debtors, receive, process, honor, and pay all prepetition and postpetition checks and fund transfers on account of obligations to the Authorities that had not been honored and paid as of the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments and that no such Bank shall have any liability to any party for relying on such direction by the Debtors; and (iv) authorize the Debtors to issue new

postpetition checks or effect new postpetition fund transfers to replace any checks, drafts, and other forms of payment which may be inadvertently dishonored or rejected

### **BASIS FOR RELIEF**

#### **I. Certain of the Taxes and Fees May Not Be Property of the Debtors' Estates**

22. The Debtors believe that certain of the Taxes constitute so-called "trust fund" obligations that are required to be collected from third parties and held in trust for payment to the taxing and regulatory authorities. *See, e.g.*, I.R.C. § 7501 (stating that certain taxes and fees are held in trust); 11 U.S.C. § 541(d); *Official Comm. of Unsecured Creditors of the Columbia Gas Transmission Corp. v. Columbia Gas Sys. Inc. (In re Columbia Gas Sys. Inc.)*, 997 F.2d 1039, 1051 (3d Cir. 1993) (refunds required to be collected by federal law created trust fund that was not property of debtor's estate); *Shank v. Wash. State Dep't of Revenue (In re Shank)*, 792 F.2d 829, 830 (9th Cir. 1986) (same); *DeChiarov. N.Y. State Tax Comm'n*, 760 F.2d 432, 435–36 (2d Cir. 1985) (same). To the extent these "trust fund" taxes are collected, they are not property of the Debtors' estates under section 541(d) of the Bankruptcy Code. *See Begier v. IRS*, 496 U.S. 53, 57–60 (1990) (holding that any prepetition payment of trust fund taxes is not an avoidable preference because the funds are not the debtor's property); *In re Am. Int'l Airways, Inc.*, 70 B.R. 102, 104–05 (Bankr. E.D. Pa. 1987). Because the Debtors may not have an equitable interest in funds held on account of such "trust fund" taxes, the Debtors should be permitted to pay those funds to the Authorities as they become due.<sup>3</sup>

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<sup>3</sup> For the avoidance of doubt, the Debtors hereby request authority to pay the Taxes and Fees as provided herein regardless of whether such Taxes and Fees constitute trust fund obligations.

**II. Certain of the Taxes and Fees May Be Priority Claims Entitled to Special Treatment Under the Bankruptcy Code**

23. Claims for certain Taxes and Fees are or may be priority claims entitled to payment before general unsecured claims. See 11 U.S.C. § 507(a)(8) (describing taxes entitled to priority treatment). Moreover, to the extent that such amounts are entitled to priority treatment under the Bankruptcy Code, the respective Authorities may attempt to assess interest and penalties if such amounts are not paid. See 11 U.S.C. § 507(a)(8)(G) (granting priority status to “a penalty related to a claim of a kind specified in this paragraph and in compensation for actual pecuniary loss”). Claims entitled to priority status pursuant to section 507(a)(8) of the Bankruptcy Code must be paid in full under a confirmable plan pursuant to section 1129(a)(9)(C) of the Bankruptcy Code or be paid in a manner that is not less favorable than general unsecured claims.

24. Consequently, payment of such Taxes and Fees will give the applicable Authorities no more than that to which they otherwise would be entitled under a chapter 11 plan and only affect the timing of payment for the amounts at issue. Payment of the Taxes and Fees to the applicable Authorities now will not unduly prejudice the rights and recoveries of junior creditors, while saving the Debtors potential interest expense, legal expense, and penalties that otherwise may accrue on, or be incurred in connection with, such Taxes and Fees.

25. Additionally, the failure to pay certain of the Taxes and Fees may adversely affect the Debtors' ability to maintain their good standing to operate in the jurisdictions in which it does business, to conduct business in those jurisdictions, and to administer its estate for the benefit of its creditors. As such, payment of the Taxes and Fees is in the best interest of the Debtors and their estates, will not harm unsecured creditors and other parties in interest, and will reduce harm and administrative expense to the Debtors' estates.

26. Similar relief is routinely granted by courts in this district and elsewhere. *See, e.g., In re True Religion Apparel, Inc.*, Case No. 17-11460 (CSS) (Bankr. D. Del. Jul. 31, 2017); *In re GST AutoLeather, Inc.*, Case No. 17-12100 (LSS) (Bankr. D. Del. Oct. 27, 2017); *In re M & G USA Corporation*, Case No. 17-12307 (BLS) (Bankr. D. Del. Nov. 30, 2017); *In re American Apparel, LLC*, Case No. 16, 12551 (BLS) Bankr. D. Del. Nov. 15, 2016); *In re Garden Fresh Restaurant Intermediate Holding, LLC*, Case No. 16-12174 (CSS) (Bankr. D. Del. Oct. 3, 2016); *In re Cache, Inc.*, Case No. 15-10172 (MFW) (Bankr. D. Del. Feb. 4, 2015).

### **III. Payment of the Taxes and Fees as Provided Herein is a Sound Exercise of the Debtors' Business Judgment**

27. Courts have recognized that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 825-26 (D. Del. 1999) (noting that, in the Third Circuit, debtors may pay prepetition claims that are essential to the continued operation of the debtor's business); *see also In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (same); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175-76 (Bankr. S.D.N.Y. 1989) (granting the debtor the authority to pay prepetition wages); *Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.)*, 29 B.R. 391, 398 (S.D.N.Y. 1983) (granting the debtor the authority to pay prepetition claims of suppliers who were potential lien claimants). In so doing, these courts acknowledge that several legal theories rooted in sections 105(a) and 363(b) of the Bankruptcy Code support the payment of prepetition claims.

28. Section 363(b) of the Bankruptcy Code permits a bankruptcy court, after notice and a hearing, to authorize a debtor to "use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). "In determining whether to authorize the use, sale or lease of property of the estate under this section, courts require the debtor to show that a sound

business purpose justifies such actions.” *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (collecting cases); *see also Armstrong World*, 29 B.R. at 397 (relying on section 363 to allow contractor to pay prepetition claims of suppliers who were potential lien claimants because the payments were necessary for general contractors to release funds owed to debtors).

29. Courts also authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code codifies a bankruptcy court’s inherent equitable powers to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Under section 105(a), courts may authorize pre-plan payments of prepetition obligations when essential to the continued operation of a debtor’s businesses. *See Just for Feet*, 242 B.R. at 825–26. Specifically, a court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations pursuant to the “necessity of payment” rule (also referred to as the “doctrine of necessity”). *See, e.g., Ionosphere Clubs*, 98 B.R. at 176 (noting that the necessity of payment rule recognizes the judicial power to authorize a debtor to pay prepetition claims where such payment would be essential to the continued operation of the debtor’s business); *In re Lehigh & New England Ry Co.*, 657 F.2d 570 (3d Cir. 1981) (stating that courts may authorize payment of prepetition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”); *see also In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (noting that, in the Third Circuit, debtors may pay prepetition claims that are essential to the continued operation of the business). A bankruptcy court’s use of its equitable powers to “authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.” *Ionosphere Clubs*, 98 B.R. at 175–76 (citing *Miltenberger v. Logansport, C. & S.W. Ry. Co.*, 106 U.S. 286 (1882)). Indeed, at least

one court has recognized that there are instances when a debtor's fiduciary duty can "only be fulfilled by the preplan satisfaction of a prepetition claim." *In re CoServ*, 273 B.R. at 497.

30. These standards are satisfied here. The payment of the Taxes and Fees is an exercise of sound business judgment and is necessary to maximize the value of its estate for the benefit of its creditors and is critical to their continued and uninterrupted operations. If certain Taxes and Fees remain unpaid, the Authorities may seek to recover such amounts directly from the Debtors' directors, officers, or employees, thereby distracting such key personnel from the administration of these chapter 11 cases. *See, e.g., Schmehl v. Helton*, 662 S.E.2d 697, 707 (W. Va. 2008) (noting that corporate officers may be held responsible for payment of certain corporate taxes). Any collection action on account of such claims, and any potential ensuing liability, would distract the Debtors and their personnel to the detriment of all parties in interest. Additionally, the Authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay, and pursue other remedies that would harm the estates.

31. Furthermore, the Debtors' liability to pay the Taxes and Fees may ultimately result in increased tax liability for the Debtors if interest and penalties accrue on the Taxes and Fees, which amounts also may be entitled to priority treatment. Such a result may ultimately increase the amount of priority claims held by the Authorities against the Debtors' estates to the detriment.

#### **IV. Cause Exists to Authorize the Debtors' Banks to Honor Checks and Electronic Fund Transfers**

32. In connection with the payment of the Taxes and Fees, the Debtors also request that all applicable banks and other financial institutions be authorized to receive, process, honor, and pay all checks presented for payment, and to honor all electronic payment requests made by the Debtors related to the prepetition obligations described herein, whether such checks were presented or electronic requests were submitted prior to or after the Petition Date. The Debtors

further request that all such banks and financial institutions be authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved pursuant to this Motion. The Debtors intend to pay all tax and regulatory obligations in a timely manner, in accordance with its ordinary business practices, and as authorized by the Order approving this Motion.

33. As described above, the relief that the Debtor seeks in this Motion is necessary for the Debtor to operate its business without interruption and to preserve value for its estate.

**SATISFACTION OF BANKRUPTCY RULE 6003**

34. The Debtors believe that it is entitled to immediate authorization for the relief contemplated by this Motion. Pursuant to Bankruptcy Rule 6003, “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief regarding the following: . . . (b) a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition, but not a motion under Rule 4001.” To the extent that the requirements of Bankruptcy Rule 6003 are applicable to the relief requested in the Motion, the Debtors submit that for the reasons already set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm. Specifically, if the Taxes and Fees are not paid, the Debtors will be at risk for the business disruptions that would result from, among other things, (i) any liability of the directors and officers for failures to remit the “trust fund” Taxes, (ii) the administrative disruption of unnecessary local audits, and (iii) any operational disruptions or challenges to the Debtors' right to operate within certain jurisdictions where the Taxes and Fees were not paid. Addressing any potential subsequent action taken by those Authorities or those parties who ordinarily collect the Taxes and Fees would be costly, would place an administrative

burden on management, and divert management's attention from the reorganization process. Accordingly, the relief requested herein is appropriate under the circumstances and under Bankruptcy Rule 6003.

**WAIVER OF BANKRUPTCY RULE 6004**

35. The Debtors seek a waiver of any stay of the effectiveness of the Order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” As set forth in the Motion, the payments proposed herein are essential to prevent immediate and irreparable harm to the Debtors’ business operations. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the fourteen (14) day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

**RESERVATION OF RIGHTS**

36. Nothing in this Motion: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors or their estates; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates to contest the validity, priority, or amount of any claim against the Debtors or their estates; (c) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to any and all claims or causes of action against any third party; or (d) shall be construed as a promise to pay a claim or continue any applicable program postpetition, which decision shall be in the discretion of the Debtors. Any payment made pursuant to an order of the Court granting the relief requested herein is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors’ rights to subsequently dispute such claim.

**NOTICE**

37. The Debtors will provide notice of this Motion to: (a) United States Trustee for the District of Delaware; (b) the top 20 unsecured creditors; (c) counsel to Bedrock Industries Investco I LLC; (d) First National Bank of Pennsylvania; (e) Truist Bank; (f) American Express; (g) Wex Inc.; (h) any such other party entitled to notice pursuant to Local Rule 9013-1(m); and (i) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

**NO PRIOR REQUEST**

38. No prior motion for the relief requested herein has been made to this Court or any other court.

**CONCLUSION**

WHEREFORE, the Debtors respectfully request that this Court enter the Interim Order and the Final Order, substantially in the forms annexed hereto as **Exhibit A** and **Exhibit B**, respectively, granting the relief requested herein and such other and further relief as may be just and proper.

*[Remainder of Page Intentionally Left Blank]*

Dated: March 30, 2025  
Wilmington, Delaware

**MORRIS JAMES LLP**

/s/ Jeffrey R. Waxman

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*Proposed Counsel to the Debtor  
and Debtor-in-Possession*

**EXHIBIT A**

17239703/1

Proposed Interim Order

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

KTRV LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10601 (MFW)

(Joint Administration Requested)

Re: Docket No. \_\_\_\_\_

**INTERIM ORDER (I) AUTHORIZING  
DEBTORS TO PAY CERTAIN PREPETITION TAXES AND FEES;  
(II) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND  
ELECTRONIC TRANSFER REQUESTS; AND (III) GRANTING RELATED RELIEF**

Upon consideration of the motion (the "Motion")<sup>2</sup> of the Debtors for entry of this interim order (the "Order") and a final order: (i) authorizing, but not directing, the Debtors, in their discretion, to remit and pay certain Taxes and Fees accrued prior to the Petition Date that will become payable during the pendency of these chapter 11 cases to the Authorities; and (ii) authorizing Banks to honor and process check and electronic transfer requests related to the foregoing; and (iii) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of these cases and this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and

<sup>1</sup> The Debtors in these chapter 11 cases, along with each the last four digits of each Debtor's tax identification number, are as follows: KTRV LLC (9993), Heritage Coal & Natural Resources, LLC (8326). The Debtors' service address is 1521 Concord Pike, Suite 201, Wilmington, DE 19803.

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

opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED on an interim basis, as set forth herein.
2. The final hearing on the Motion (the "Final Hearing") is set for \_\_\_\_\_, 2025 at \_\_:\_\_ a.m./p.m. (prevailing Eastern time). Any objections or responses to the entry of the proposed Final Order shall be filed on or before 4:00 p.m. (prevailing Eastern Time) on \_\_\_\_\_, 2025 (the "Objection Deadline"), and shall be served on the following parties or their respective counsel on or before the Objection Deadline: (i) proposed counsel to the Debtors, Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington, DE 19801 (Attn: Jeffrey R. Waxman, [jwaxman@morrisjames.com](mailto:jwaxman@morrisjames.com) and Eric J. Monzo, [emonzo@morrisjames.com](mailto:emonzo@morrisjames.com)); (ii) counsel to the Bedrock Industries Investco 1 LLC, ArentFox Schiff, 1301 Avenue of the Americas, 42nd Floor, New York 10019 (Attn: Andrew I. Silfen, [andrew.silfen@asflaw.com](mailto:andrew.silfen@asflaw.com)); (iii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lock Box 35, Wilmington, Delaware 19801 (Attn: Malcolm M. Bates, [Malcolm.M.Bates@usdoj.gov](mailto:Malcolm.M.Bates@usdoj.gov)); (iv) First National Bank of Pennsylvania, 229 Main St., Meyersdale, PA 15552; (v) Truist Bank, 3300 Northside Parkway NW, Atlanta, GA 30327; (vi) the American Express Company; (vii) Wex Inc. If no objections or responses are filed and served by the Objection Deadline, the Court may enter the Final Order without further notice or hearing.

3. The Debtors are authorized but not required to, in their discretion, remit and pay the Taxes and Fees as set forth in the Motion; *provided*, that payments for amounts that arose before the Petition Date shall not exceed \$3,550 on an interim basis, absent further order of the Court (the “Interim Tax Obligation Cap”). The receipt by any Authority of any Taxes and/or Fees, as applicable, shall constitute payment of such Taxes or Fees and shall relieve the Debtors’ estates, representatives, directors, officers, lenders, agents and/or assignees of any responsibility for the applicable Taxes or Fees. In no event shall the Debtors pay any amounts of Taxes and Fees that arose or accrued prior to the Petition Date before such amounts are due and payable, and this Interim Order shall not be deemed to allow the Debtors to accelerate payment of any amounts for Taxes and Fees to the Authorities that may be due and owing by the Debtors.

4. The Debtors shall be authorized to segregate funds authorized to be paid on account of the Taxes and Fees to be, and such funds shall be deemed to be, held in trust for the exclusive benefit of the applicable Authorities until such time as the Debtors pay such Taxes and Fees to the applicable Authorities.

5. All applicable banks and other financial institutions are authorized to receive, process, honor, and pay any and all such checks (whether issued or presented prior to or after the Petition Date) and electronic payments issued by the Debtors for the payment of Taxes and Fees approved herein, whether prior to or after commencement of these chapter 11 cases.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of the chapter 11 cases with respect to prepetition amounts owed in connection with the payment of any Taxes and Fees referenced herein.

7. Nothing in this Order nor any actions taken hereunder: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors or their estates; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates to contest the validity, priority, or amount of any claim against the Debtors or their estates; (c) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to any and all claims or causes of action against any third party; (d) shall be construed as a promise to pay a claim or continue any applicable program postpetition, which decision shall be in the discretion of the Debtors; or (e) shall create, or is intended to create, any rights in favor of, or enhance the status of any claim held by, any person. Any payment made pursuant to this Order is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

8. Notwithstanding anything in the Motion or this Order to the contrary, any payment made or to be made, obligation incurred, and any relief or authorization granted in this Order shall not be inconsistent with and shall be subject to and in compliance with any cash collateral requirements and all other obligations and requirements set forth in any order approving the use of cash collateral, any budget or cash flow forecast in connection therewith, and any other terms and conditions thereof. Nothing herein is intended to modify, alter, or waive, in anyway, any terms, provisions, requirements, or restrictions of any order approving use of cash collateral.

9. The requirements of Bankruptcy Rule 6003 are satisfied.

10. Notwithstanding Bankruptcy Rule 6004(h) or any other procedural rule, this Order shall be effective and enforceable immediately upon entry hereof and notice of the Motion as

provided therein shall be deemed good and sufficient pursuant to the requirements of Bankruptcy Rule 6004(a) and the Local Rules.

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

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

**EXHIBIT B**

Proposed Final Order

[to be filed]

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

KTRV LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10601 (MFW)

(Joint Administration Requested)

Re: Docket No. 10

RCVD PUC SEC BUR  
APR 11 2025 AM 10:36

**INTERIM ORDER (I) AUTHORIZING  
DEBTORS TO PAY CERTAIN PREPETITION TAXES AND FEES;  
(II) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND  
ELECTRONIC TRANSFER REQUESTS; AND (III) GRANTING RELATED RELIEF**

Upon consideration of the motion (the "Motion")<sup>2</sup> of the Debtors for entry of this interim order (the "Order") and a final order: (i) authorizing, but not directing, the Debtors, in their discretion, to remit and pay certain Taxes and Fees accrued prior to the Petition Date that will become payable during the pendency of these chapter 11 cases to the Authorities; and (ii) authorizing Banks to honor and process check and electronic transfer requests related to the foregoing; and (iii) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of these cases and this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and

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

opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED on an interim basis, as set forth herein.
2. The final hearing on the Motion (the "Final Hearing") is set for April 17, 2025 at 3:00 p.m. (prevailing Eastern time). Any objections or responses to the entry of the proposed Final Order shall be filed on or before 4:00 p.m. (prevailing Eastern Time) on April 10, 2025 (the "Objection Deadline"), and shall be served on the following parties or their respective counsel on or before the Objection Deadline: (i) proposed counsel to the Debtors, Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington, DE 19801 (Attn: Jeffrey R. Waxman, [jwaxman@morrisjames.com](mailto:jwaxman@morrisjames.com)); (ii) counsel to the Bedrock Industries Investco I LLC, ArentFox Schiff, 1301 Avenue of the Americas, 42nd Floor, New York 10019 (Attn: Andrew I. Silfen, [andrew.silfen@asflaw.com](mailto:andrew.silfen@asflaw.com)) ; (iii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lock Box 35, Wilmington, Delaware 19801 (Attn: Malcolm M. Bates, [Malcolm.M.Bates@usdoj.gov](mailto:Malcolm.M.Bates@usdoj.gov)); (iv) First National Bank of Pennsylvania, 229 Main St., Meyersdale, PA 15552; (v) Truist Bank, 3300 Northside Parkway NW, Atlanta, GA 30327; (vi) the American Express Company; (vii) Wex Inc. If no objections or responses are filed and served by the Objection Deadline, the Court may enter the Final Order without further notice or hearing.

3. The Debtors are authorized but not required to, in their discretion, remit and pay the Taxes and Fees as set forth in the Motion; *provided*, that payments for amounts that arose before the Petition Date shall not exceed \$3,550 on an interim basis, absent further order of the Court (the “Interim Tax Obligation Cap”). The receipt by any Authority of any Taxes and/or Fees, as applicable, shall constitute payment of such Taxes or Fees and shall relieve the Debtors’ estates, representatives, directors, officers, lenders, agents and/or assignees of any responsibility for the applicable Taxes or Fees to the extent of such payment. In no event shall the Debtors pay any amounts of Taxes and Fees that arose or accrued prior to the Petition Date before such amounts are due and payable, and this Interim Order shall not be deemed to allow the Debtors to accelerate payment of any amounts for Taxes and Fees to the Authorities that may be due and owing by the Debtors.

4. To the extent that certain Taxes and Fees constitute funds held in trust for the applicable Authorities, such funds shall be deemed to be held in trust for the exclusive benefit of such Authorities, as applicable, until such time as the Debtors pay such Taxes and Fees to the applicable Authorities.

5. All applicable banks and other financial institutions are authorized to receive, process, honor, and pay any and all such checks (whether issued or presented prior to or after the Petition Date) and electronic payments issued by the Debtors for the payment of Taxes and Fees approved herein, whether prior to or after commencement of these chapter 11 cases.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of the chapter 11 cases with respect to prepetition amounts owed in connection with the payment of any Taxes and Fees referenced herein.

7. Nothing in this Order nor any actions taken hereunder: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors or their estates; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates to contest the validity, priority, or amount of any claim against the Debtors or their estates; (c) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to any and all claims or causes of action against any third party; (d) shall be construed as a promise to pay a claim or continue any applicable program postpetition, which decision shall be in the discretion of the Debtors; or (e) shall create, or is intended to create, any rights in favor of, or enhance the status of any claim held by, any person. Any payment made pursuant to this Order is *not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.*

8. Notwithstanding anything to the contrary in the Motion or this Order, any payment made or authorization hereunder shall be subject to the applicable budget and/or cash collateral authorization requirements imposed on the Debtors under any order(s) of the Court authorizing the Debtors' use of Cash Collateral, including any order(s) authorizing post-petition financing (each, a "Financing Order" and collectively, the "Financing Orders").

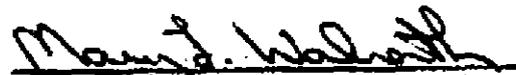
9. The requirements of Bankruptcy Rule 6003 are satisfied.

10. Notwithstanding Bankruptcy Rule 6004(h) or any other procedural rule, this Order shall be effective and enforceable immediately upon entry hereof and notice of the Motion as provided therein shall be deemed good and sufficient pursuant to the requirements of Bankruptcy Rule 6004(a) and the Local Rules.

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

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

Dated: April 2nd, 2025  
Wilmington, Delaware

  
MARY F. WALRATH  
UNITED STATES BANKRUPTCY JUDGE

KTRV, LLC  
c/o Stretto  
410 Exchange Ste 100  
Irvine, CA 92602

Return Service  
Requested



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MRF 8847672423

PA Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265