

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF KENTUCKY  
LEXINGTON DIVISION**  
*Electronically Filed*

**In re:** ) **Chapter 11**  
**Cambrian Holding Company, Inc., et al.,** ) **Case No. 19-51200**  
**Debtors,** ) **(Jointly Administered)**  
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**AMERICAN RESOURCES CORPORATION'S RESPONSE TO KENTUCKY POWER  
COMPANY'S MOTION TO ENFORCE COURT ORDER**

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American Resources Corporation ("ARC"), by and thru counsel, hereby responds to and objects to Kentucky Power Company's Motion to Enforce this Court's February 10, 2020 Order (Docket No. 1178) as follows:

Once again something that should have been a simple, non-contentious issue has taken a complete opposite turn because entities cannot work together in a spirit of cooperation, in good faith and in good common business sense. ARC objects to Kentucky Power's ("KPC") motion at this time to allow the parties to negotiate and resolve this issue without the Court's intervention.

The motion filed by KPC does not advise the Court of all the history of this issue, as follows:

1. Sometime after ARC purchased the Perry County mining assets from the Debtors, KPC terminated utility service to the E4-1 and E4-2 mines due to non-payment of the utility bills incurred by the Debtors.

2. Shortly thereafter, KPC allowed Kentucky River Properties and/or Blackhawk Mining to start a new utility account and began providing utility service to both mines so that the

mines could be pumped and maintained. Upon information and belief, KPC provided utility service to the mines at the request of Kentucky River and/or Blackhawk without any upfront payment or deposit.

3. At some point in December, Kentucky River and/or Blackhawk asked/allowed KPC to terminate utility service at the E4-2 mine. This resulted in the pumps shutting down and the E4-2 mine becoming inundated with water.

4. At that point, Kentucky River and/or JRL Coal asked KPC to re-start utility service at the E4-2 mine to allow JRL Coal to pump water from the mine and to examine the mine to see if it was interested in making an offer to ARC to purchase the E4-2 mine. Again, upon information and belief, KPC provided utility service to the mines at the request of Kentucky River and/or JRL Coal without any upfront payment or deposit.

5. After a couple of weeks, JRL Coal vacated the premises and once again, KPC terminated utility service at the E4-2 mine. ARC then discussed with KPC the prospect of restarting utility service at the E4-2 and was told that KPC would re-start utility service at the mine if it received a \$100,000 payment on the outstanding balance owed.

6. During that period of time, ARC was completing its deal with Blackhawk for the sale of the E4-1 mine. As a result of the discussions with KPC, ARC agreed to set aside \$100,000 of the sales proceeds to be paid to KPC at closing in order to get the power turned on at the E4-2 mine. However, because the Blackhawk closing was delayed for a short period of time, ARC entered into the "Payment Agreement" on February 5, 2020 and paid AEP, KPC's Parent Corporation, a \$150,000 payment. Upon payment of that amount, power was re-started at the E4-2 mine.

7. After the Blackhawk closing, ARC told KPC that it would allow KPC to take the \$100,000 set aside in the Order entered on February 10, 2020 to be used as its March payment under the “Payment Agreement”. However, KPC refused and indicated that the \$100,000 would be applied to ARC’s balance but would not be credited toward ARC’s March payment under the “Payment Agreement”. Basically, KPC wanted ARC to pay the \$100,000 from the Blackhawk closing upon its account and also pay an additional \$100,000 simultaneously to comply with the Payment Agreement. When ARC told KPC that it couldn’t make both payments simultaneously, KPC again turned off power at the E4-2 mine.

8. At this point the parties are involved in civil litigation in the Perry Circuit Court over some of these very same issues. The \$100,000 payment is currently being held in escrow and will be available to be paid to either of the parties once the dust settles in the Perry Circuit Court matter.

WHEREFORE, based upon the foregoing, ARC respectfully requests that the court overrule KPC’s motion and keep the proceeds in the escrow account for the time being to allow the parties to resolve their differences.

Respectfully submitted,

/s Billy R. Shelton  
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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was electronically filed this the 22<sup>nd</sup> day of April, 2020, with the clerk of court by using the CM/ECF system which will send a notice of electronic filing to all parties designated to receive electronic service in this matter.

/s Billy R. Shelton  
BILLY R. SHELTON, ESQ.