

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO**

In re:) Chapter 11
)
Hopedale Mining LLC, *et al.*,) Case No. 20-12043 (GRH)
)
Debtors.¹) (Jointly Administered)

NOTICE OF SUPPLEMENT TO OBJECTION OF THE BLACKJEWEL DEBTORS TO DEBTORS’ ASSET GROUP 5 APA

PLEASE TAKE NOTICE that on September 1, 2020, the Debtors² filed the *Notice of Successful Bids* [Docket No. 340] that attached the Asset Group 5 APA as exhibit 3 therein.

PLEASE TAKE FURTHER NOTICE that on September 3, 2020, the Blackjewel Debtors filed the *Objection of the Blackjewel Debtors to Debtors’ Asset Group 5 APA* [Docket No. 395] (the “Objection”).

PLEASE TAKE FURTHER NOTICE that the Blackjewel Debtors hereby supplement the Objection by including the Royalty Agreement as an exhibit to the Objection, a copy of which is attached hereto as **Exhibit A**.

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¹ The Debtors in these Chapter 11 cases are (with the last four digits of their federal tax identification numbers in parentheses): Rhino GP LLC (8619), Rhino Resource Partners LP (7517), Rhino Energy LLC (6320), Rhino Trucking LLC (8773), Rhino Exploration LLC (8863), Triad Roof Support Systems LLC (1183), Springdale Land LLC (9816), McClane Canyon Mining LLC (3783), Rhino Northern Holdings LLC (1858), CAM-Ohio Real Estate LLC (1859), CAM-Colorado LLC (4269), Taylorville Mining LLC (5106), CAM Coal Trading LLC (4143), Castle Valley Mining LLC (9495), Jewell Valley Mining LLC (0270), Rhino Services LLC (3356), Rhino Oilfield Services LLC (8938), Rhino Technologies LLC (0994), CAM Mining LLC (2498), Rhino Coalfield Services LLC (3924), Hopedale Mining LLC (9060), CAM-Kentucky Real Estate LLC (9089), CAM-BB LLC (9097), Leesville Land LLC (7794), CAM Aircraft LLC (5467), Pennyrile Energy LLC (6095), Rhino Eastern LLC (1457), Rockhouse Land LLC (7702).

² Capitalized terms used herein but not otherwise defined shall have the meaning ascribed in the Objection (as defined below).

DATED: September 4, 2020

SQUIRE PATTON BOGGS (US) LLP

By: /s/ Stephen D. Lerner
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Counsel to the Blackjewel Debtors

EXHIBIT A

Royalty Agreement

ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT (this “**Agreement**”), dated as of August 14, 2019 (the “**Effective Date**”), is made and entered into by and among Blackjewel Holdings, L.L.C., a Delaware limited liability company (“**Holdings**”), as agent for each of the Sellers (defined below), Blackjewel L.L.C., a Delaware limited liability company (“**Blackjewel**”, and together with Holdings, Revelation Energy Holdings, LLC, a Delaware limited liability company, Revelation Management Corp., a Delaware corporation, Revelation Energy, LLC, a Kentucky limited liability company, Dominion Coal Corporation, a Virginia corporation, Harold Keene Coal Co. LLC, a Virginia limited liability company, Vansant Coal Corporation, a Virginia corporation, Lone Mountain Processing LLC, a Delaware limited liability company, Powell Mountain Energy, LLC, a Delaware limited liability company, and Cumberland River Coal LLC, a Delaware limited liability company, each a “**Seller**” and collectively, “**Sellers**”) and Jewell Valley Mining LLC, a Delaware limited liability company (“**Buyer**”).

RECITALS:

- A. The Sellers are debtors in the Bankruptcy Case (defined below).
- B. As approved by and pursuant to a pleading styled, Order (I) Approving the Sale of Certain Assets to Rhino Energy, LLC Free and Clear of Liens, Claims, Encumbrances, and Other Interests, (II) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III) Granting Related Relief (the “**Sale Order**”), in the Chapter 11 proceedings styled the bankruptcy case captioned *in re Blackjewel, L.L.C., et. al* (the “**Bankruptcy Case**”), such proceedings being jointly administered in the United States Bankruptcy Court for the Southern District of West Virginia, under Case No. 19-30289 (the “**Bankruptcy Court**”), Buyer has been approved to acquire from Sellers certain assets related to the mining, processing, preparation, selling and shipping of coal and related operations conducted with respect to the Sellers’ Virginia Subdivision Assets, as described on Exhibit A attached hereto (the “**Purchased Mines**”).
- C. This Agreement, pursuant to which Buyer desires to pay, and Holdings desires to receive, certain royalty payments arising from, related to, or in connection with, the operation of the Purchased Mines, is being entered into by Buyer and Holdings, as contemplated in the Sale Order.

NOW, THEREFORE, in consideration of the premises and the mutual benefit to be derived by the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. Buyer hereby creates, grants and conveys to Holdings a royalty interest in the Purchased Mines and agrees to pay Holdings a royalty payment arising from, related to, or in connection with, the operation of the Purchased Mines equal to the aggregate net present value amount of \$208,000 (the “**Royalty**”). This Agreement shall run with the land and be binding upon the successors and assigns of Buyer as owners of any of the land or real property interests with respect to any of the Purchased Mines, and shall inure to the benefit of Holdings and its

successors and assigns. This Agreement shall be freely assignable by Holdings without the consent of Buyer.

2. The Royalty shall be paid over a term of no more than one (1) year, in one annual fixed amount of \$250,000 (the “**Payment**”). The Payment shall be due no later than the first (1st) anniversary of the Effective Date. If the Payment is not paid when due shall accrue interest at an annual rate equal to the prime rate as published in the *Wall Street Journal*, plus 5%, compounded monthly, which shall be payable on demand.

3. Notwithstanding anything contained herein to the contrary, Buyer may prepay the Payment by calculating the then-net present value of the Payment using a discount rate of 20%.

4. This Agreement is in effect from the Effective Date and shall remain in effect until the Royalty is paid in full. Buyer shall at all times do or cause to be done all things necessary to maintain the Purchased Mines in good standing, including paying or causing to be paid all taxes owing in respect thereof, performing or causing to be performed all required assessment work thereon, paying or causing to be paid all claim, permit and license maintenance fees in respect thereof, and otherwise maintaining the Purchased Mines in compliance with all applicable laws. Buyer shall conduct its operations on the Purchased Mines in a professional and workmanlike manner in accordance with standard coal mining practices.

5. Buyer hereby represents and warrants to Holdings: (a) Buyer is duly formed, validly existing and in good standing and has all requisite power and authority to enter into and perform its obligations under this Agreement; (b) neither the execution, delivery or performance of this Agreement nor the consummation of the transactions contemplated hereby, do or will violate or be in conflict with any provision of Buyer’s certificate of formation, limited liability company agreement, or any agreement or instrument, to which Buyer is a party or is bound, or any judgment, decree, order, writ, injunction, statute, rule or regulation applicable to Buyer; (c) the execution, delivery and performance of this Agreement, and the transactions contemplated hereby, have been duly and validly authorized by all requisite action on the part of Buyer; and (d) Buyer is in compliance in all material respects with all material requirements of applicable law.

6. All payments of the Royalty hereunder shall be made to Holdings at the following address: 999 17th Street, Suite 700, Denver, Colorado 80202, or at such other address as may be communicated to Buyer by Holdings in writing. All payments of the Royalty hereunder shall be made in United States funds.

7. All prior negotiations and agreements by and among the parties hereto with respect to the subject matter hereof are superseded by this Agreement, and there are no representations, warranties, understandings or agreements with respect to the subject matter hereof other than those set forth in this Agreement. No terms or provisions of this Agreement shall be varied or modified and no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the parties hereto, unless reduced to writing and signed by an authorized officer of each party hereto.

8. Each party hereto shall have the right, at any time, to record, register, or otherwise give notice of this Agreement in appropriate governmental or regulatory offices in any jurisdiction relevant to the Purchased Mines, redacted where appropriate to protect the confidentiality of various provisions hereof, to the extent permissible by law. Buyer or Holdings, as the case may be, shall provide reasonable assistance to the other in effecting such recording, registering or notice.

9. Each party hereto agrees to execute, acknowledge and deliver such further instruments and to do all such other acts, as may be reasonably necessary or appropriate in order to carry out the purposes and intent of this Agreement. Buyer and Holdings will take such further action as the other may request, all at the sole cost and expense of the requesting party.

10. This Agreement may be executed in counterparts, including by means of facsimile or .pdf signatures, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11. No waiver by any party hereto of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

12. The parties hereto acknowledge and agree that they have been represented and advised by counsel in connection with the negotiation and preparation of this Agreement, and this Agreement shall be deemed to have been drafted jointly by the parties, notwithstanding that one party or the other may have performed a majority or all of the actual drafting hereof.

13. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Virginia without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Virginia or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the Commonwealth of Virginia. The parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the State Courts located in Buchanan County, Virginia (or in the event (but only in the event) that such court does not have subject matter jurisdiction over such proceeding, in the United States District Court for the Western District of Virginia) and any appellate court from any thereof, for the resolution of any disputes based on or arising out of this Agreement. The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute.

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IN WITNESS WHEREOF, the parties hereto, through their respective duly authorized representatives, have caused this Agreement to be duly executed effective as of the Effective Date.

HOLDINGS:

BLACKJEWEL HOLDINGS L.L.C.

By: [Signature]
Name: DAVID J. BECKMAN
Title: INTERIM CEO



STEPHEN D. LERNER, Attorney at Law
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03

STATE OF OHIO)
) ss
COUNTY OF HAMILTON)

The foregoing instrument was acknowledged before me this 9th day of August, 2019 by David J. Beckman, Interim CEO of Blackjewel Holdings L.L.C., a(n) Delaware limited liability company, on behalf of the limited liability company.

Notary Public [Signature]

BUYER:

JEWELL VALLEY MINING LLC

By: _____
Name: _____
Title: _____

STATE OF _____)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of August, 2019 by _____, a(n) _____ limited liability company, on behalf of the limited liability company.

Notary Public

Exhibit A

Purchased Mines

To be inserted upon final resolution of deeds.

CERTIFICATE OF SERVICE

I hereby certify that on September 4, 2020, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system, which will serve notice on all parties registered to receive notice in this case.

/s/ Stephen D. Lerner _____

Stephen D. Lerner