IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
White Forest Resources, Inc., *et al.*,[1]	Case No. 25-10195 (TMH)
Debtors.	(Jointly Administered)
	Related Docket Nos. 366, 369, 434, 436 and 438

LIMITED OBJECTION AND RESERVATION OF RIGHTS OF DES NEDHE RESOURCES, LLC TO (1) NOTICE OF (I) POTENTIAL ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES AND (II) CURE AMOUNTS AND ADEQUATE ASSURANCE IN CONNECTION THEREWITHIN AND (2) THE DEBTORS' MOTION FOR ENTRY OF AN ORDER (I) CONVERTING THESE CHAPTER 11 CASES TO CASES UNDER CHAPTER 7, (II) ESTABLISHING A DEADLINE FOR FILING FINAL CHAPTER 11 FEE APPLICATIONS, AND (III) GRANTING RELATED RELIEF

Des Nedhe Resources, LLC ("DNR"), by and through its undersigned counsel, submits this limited objection and reservation of rights (the "Limited Objection") to the *Notice of (I) Potential Assumption and Assignment of Contracts and Leases and (II) Cure Amounts and Adequate Assurance in Connection Therewith* [Docket No. 366] ("Cure Notice") and the *Debtors' Motion For Entry Of An Order (I) Converting These Chapter 11 Cases To Cases Under Chapter 7, (II) Establishing A Deadline For Filing Final Chapter 11 Fee Applications, And (III) Granting Related Relief* [Docket No. 434] (the "Motion to Convert") and the related *Debtors' Motion For Entry Of An Order Shortening The Notice Period With Respect To Debtors' Motion For Entry Of An Order (I) Converting These Chapter 11 Cases To Cases Under Chapter 7, (II) Establishing A*

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: White Forest Resources, Inc. (3764); Xinergy Corp. (3865); Xinergy of West Virginia, Inc. (2401); Shenandoah Energy, LLC (6770); South Fork Coal Company, LLC (3113); Bull Creek Processing Company, LLC (0894); Raven Crest Mining, LLC (0122); Brier Creek Coal Company, LLC (9999) Raven Crest Contracting, LLC (7796); Raven Crest Leasing, LLC (7844); and Raven Crest Minerals, LLC (7746). The Debtors' service address is 1295 Ashford Hill Rd., Ashford, WV 25009.

Deadline For Filing Final Chapter 11 Fee Applications, And (III) Granting Related Relief (the "Motion to Shorten") [Docket No. 436], filed by the above-captioned debtors and debtors in possession with the United States Bankruptcy Court for the District of Delaware (the "Court"). In support of the Limited Objection, DNR respectfully states as follows:

RELEVANT BACKGROUND

1. DNR is the mineral rights owner of certain property located in Greenbrier County, West Virginia (the "South Fork Mine"). On November 30, 2009, MeadWestvaco Corporation and Meral Inc. entered to that certain Coal Load-Out Facility Lease and Agreement (as amended and assigned, the "Coal Load-out Facility Lease"). Pursuant to various assignments and amendments to the Coal Load-out Facility Lease, South Fork Coal Company, LLC (individually, the "Debtor" and collectively with the above captioned debtors and debtors in possession, the "Debtors") and DNR, as lessor, became parties to the Coal Load-out Facility Lease. Additionally, DNR and the Debtor are parties to that certain coal lease with an effective date of January 1, 2017, as amended (the "Coal Lease", and together with the Coal Load-out Facility Lease, the "Leases"). Pursuant to the terms and limitations outlined in the Leases, the Debtors had the right to mine and transport coal in exchange for fees and certain payments, including royalty payments, to be paid to DNR on the 25th of each month for the previous month's mining activities and sales. *See* Coal Load-out Facility Lease Section 5; Coal Lease Section 8(d).

2. On February 7, 2025 (the "Petition Date"), the Debtors each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Chapter 11 Cases"). As of the Petition Date, the Debtors operated two mining operations in West Virginia: (i) the South Fork Mine and (ii) the Raven Crest mining

operations located in the Boone and Kanawha counties of West Virginia (the "Raven Crest Mine").[2]

3. On June 27, 2025, the Debtors filed a motion seeking the Court's approval of a sale of the South Fork Mine assets to either WFR Acquisition, LLC ("WFR"), an affiliate of Spectrum Origination LLC and Spectrum Credit Opportunities Fund II, LP (collectively, "Spectrum"), or any other qualified bidder who submitted the highest and best bid for the South Fork Mine assets [Docket No. 366] (the "South Fork Sale Motion"). At the close of the original bid deadline, the Debtors had only received WHR's bid. The Debtors decided to extend the original bid deadline to July 18, 2025 in an effort to obtain competing bids. *See* Docket No. 383. However, the Debtors did not receive any additional bids prior to the extended deadline. As provided in the Cure Notice, the Debtors estimated that the cure amounts owed to DNR were approximately $205,747.99.

4. Since the filing of the South Fork Sale Motion, the Debtors represent that they have been unable to finalize a bid with WFR or another buyer for the purchase of the South Fork Mine. As a result, the Debtors allege that they are facing substantial liquidity issues and believe that conversion of these cases to ones under Chapter 7 is appropriate under the circumstances.

5. On or about August 1, 2025 and August 7, 2025, the Debtors loaded two vessels of approximately $6,000,000 worth of coal which was previously produced at the South Fork Mine and as a result, are obligated to pay DNR approximately $205,747 on or prior to July 25, 2025 and are projected to owe DNR approximately $491,724 on or before September 25, 2025 pursuant to the Leases.

[2] As noted in the Motion to Convert, the Debtors sold all or substantially all of their Raven Crest Mine assets, leaving the South Fork Mine assets remaining in these Chapter 11 Cases.

6. On or about August 7, 2025, after removing the coal, DNR learned about the layoff of the majority of employees at the South Fork Mine facilities. DNR reached out to Spectrum to inform them of its concerns and emphasize the prejudicial impact such actions have on the payments due to DNR pursuant to the Leases given the impact such actions have on mining productions.

7. On August 15, 2025, the Debtors filed the Motion to Convert requesting the Court's authority to convert these Chapter 11 Cases to Chapter 7, for the reasons outlined therein.

8. On August 15, 2025, the Debtors also filed the Motion to Shorten, by and through which the Debtors seek to have the Court consider, on an exceptionally shortened basis, the Debtors' request to convert these Chapter 11 Cases to Chapter 7.

9. On August 18, 2025, the Court entered the *Order Shortening The Notice Period With Respect To Debtors' Motion For Entry Of An Order (I) Converting These Chapter 11 Cases To Cases Under Chapter 7, (II) Establishing A Deadline For Filing Final Chapter 11 Fee Applications, And (III) Granting Related Relief* [Docket No. 438], thereby setting the hearing date on the Motion to Convert for August 22, 2025, at 10:00 a.m. (ET).

10. As of the date of the filing of this Limited Objection, DNR is currently owed approximately $205,747 in royalty payments under the Leases and anticipates approximately $491,724 in royalties related to early August extraction and shipment of coal becoming due and owing by September 25, 2025.

11. Furthermore, DNR holds a lien on mined coal that currently sits idle at the South Fork Mines – having been mined but not transported to rail – estimated at a value of over $1 million.

12. As of the date of the filing of this Limited Objection, it is estimated that at least 12,000 tons of mined coal currently sit on the ground at the South Fork Mine. Pursuant to the Coal Lease, DNR holds a lien interest in such mined coal.

13. Section 10 of the Coal Lease states,

> 10. Lien on Property of Lessee. All royalties, rentals, and other payments in this Lease shall be and always remain and constitute, until paid to Lessor, a lien upon all property of Lessee which shall be brought upon the Leased Premises, and upon the leasehold estate hereby created, but only insofar as such a lien is granted to landlords by the laws of the State of West Virgina.

Coal Lease Section 10.

14. Therefore, for the avoidance of doubt, DNR holds a lien interest in such assets and is entitled to payment regarding such coal pursuant to the terms outlined in the Leases.

LIMITED OBJECTION

15. The seven (7) day notice period proposed by the Debtors on its Motion to Convert does not afford DNR and other creditors sufficient time to adequately investigate the circumstances here, including without limitation, the Debtors' marketing efforts of the South Fork Mine, allocation by Debtors' management team of funds from recent sales of coal and the Raven Crest Mine, and, determine the priority of liens relating to mined but not shipped coal, as the Debtors' are not preparing for liquidation.

16. The Debtors may convert these Chapter 11 Cases to ones under Chapter 7 under section 1112 of the Bankruptcy Code. 11 U.S.C. §1112. However, DNR submits this Limited Objection given the expediated nature of the Debtors' request for conversion, and the lack of information provided by the Debtors regarding the events leading up their alleged liquidity crisis. DNR submits that additional time for the hearing is necessary to the extent that unusual

circumstances may exist establishing that conversion is not currently in the best interest of creditors and the Debtors' estates pursuant to section 1112(b)(2).

17. DNR appreciates that the Debtors are in a tight spot regarding their options. The Debtors are likely facing liquidity issues that have been exacerbated by WFR's unwillingness to move forward with its bid. The Debtors cite insufficient funds and an impending DIP milestone as the primary reasons for conversion. These issues are self-inflicted. WHR, and by extension Spectrum, should not be permitted to hold the estates hostage, without affording DNR its rights under its agreements. The Debtors have received substantial proceeds from the sale of Raven Crest and the sale of coal over the duration of these Chapter 11 Cases and coal – in which DNR asserts an interest remains at the South Fork Mine. In light of the perceived inconsistency of information, DNR requires additional time to evaluate the apportionment of such funds and conduct related due diligence and respectfully requests that any conversion Order include a provision that lifts the automatic stay to allow DNR to pursue any state law rights that DNR may have under its Leases.

18. DNR respectfully requests that it and other parties in interest be given additional time to evaluate the relief requested by the Debtors through the Motion, including, *inter alia*, an opportunity to: (i) investigate the events resulting in the failed bid for the South Fork Mine; (ii) attempt to reach a resolution with the Debtors regarding outstanding payments that are or will soon become due and owing to DNR; and (iii) examine allocation of funds from recent sales of coal and other assets of the Debtors.

19. Additionally, DNR seeks to preserve its interest in the substantial mined coal present at the South Fork Mine and requests additional time to ensure its interest in such assets is adequately protected in any potential future sale or liquidation. Alternatively, should conversion be granted, DNR respectfully requests that the Court modify any proposed form of Order granting

conversion to provide that the automatic stay is terminated to allow DNR to exercise any and all state law rights under its Leases in West Virginia.

RESERVATION OF RIGHTS

20. This Limited Objection is submitted without prejudice to, and with full reservation of, DNR's rights, claims, defenses, and remedies, including the right to supplement modify, amend, or withdraw this Limited Objection, to seek discovery, to raise additional objections and to introduce evidence at any hearing related to the Motion, and without in any way limiting any other rights of DNR to respond to the Motion, on any grounds, as may be appropriate.

WHEREFORE, for the reasons set forth above, DNR respectfully requests that the Court exercise its discretion to deny the Motion to Convert without prejudice and hear the matter at a hearing after the requisite 21-days' notice, and grant DNR such other and further relief as the Court deems just and proper, including modifying any proposed form of order granting the Motion to Convert to terminate the automatic stay to allow DNR to exercise any and all state law rights pursuant to its Leases.

Dated: August 21, 2025
Wilmington, Delaware

MORRIS JAMES LLP

\/s/ Eric J. Monzo
Eric J. Monzo (DE Bar No. 5214)
500 Delaware Avenue, Suite 1500
Wilmington, DE 19801
Telephone: (302) 888-6800
Facsimile: (302) 571-1750
E-mail: emonzo@morrisjames.com

Counsel to Des Nedhe Resources, LLC

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
White Forest Resources, Inc., *et al.*,[1]	Case No. 25-10195 (TMH)
Debtors.	(Jointly Administered)

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of August, 2025, I caused to be filed with the Court electronically, and I caused to be served a true and correct copy of the *Limited Objection and Reservation of Rights of Des Nedhe Resources, LLC to (1) Notice of (I) Potential Assumption and Assignment of Contracts and Leases and (II) Cure Amounts and Adequate Assurance in Connection Therewithin and (2) the Debtors' Motion for Entry of an Order (I) Converting These Chapter 11 Cases to Cases under Chapter 7, (II) Establishing a Deadline for Filing Final Chapter 11 Fee Applications, and (III) Granting Related Relief* upon the parties that are registered to receive notice via the Court's CM/ECF notification system and an additional service was completed by electronic mail on the parties indicated on the attached service list.

/s/ Eric J. Monzo
Eric J. Monzo (DE Bar No. 5214)

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: White Forest Resources, Inc. (3764); Xinergy Corp. (3865); Xinergy of West Virginia, Inc. (2401); Shenandoah Energy, LLC (6770); South Fork Coal Company, LLC (3113); Bull Creek Processing Company, LLC (0894); Raven Crest Mining, LLC (0122); Brier Creek Coal Company, LLC (9999) Raven Crest Contracting, LLC (7796); Raven Crest Leasing, LLC (7844); and Raven Crest Minerals, LLC (7746). The Debtors' service address is 1295 Ashford Hill Rd., Ashford, WV 25009.

Service List

William E. Chipman, Jr., Esq.
Alan M. Root, Esq.
Chipman Brown Cicero & Cole LLP
1313 N. Market Street, Suite 5400
Wilmington, DE 19801
chipman@chipmanbrown.com
root@chipmanbrown.com

Counsel to the Debtors

Laura E. Appleby, Esq.
Faegre Drinker Biddle & Reath LLP
1177 Avenue of the Americas, 41st Floor
New York, NY 10036
laura.appleby@faegredrinker.com

Counsel to the DIP Term Loan Agent and the DIP Term Loan Lenders

Chad S. Bowen, Esq.
Bowen Law Group
PO Box 173442
Tampa, FL 33672
chad@bowenlg.com

and

Michael Busenkell, Esq.
Gellert Seitz Busenkell & Brown, LLC
1201 N. Orange Street, Suite 300
Wilmington, DE 19801
mbusenkell@gsbblaw.com

Counsel to the DIP Revolving Lender and the Prepetition Revolving Lender

Benjamin A. Hackman, Esq.
Office of the United States Trustee
for the District of Delaware
844 King Street, Suite 2207, Lock Box 35
Wilmington, Delaware 19801
benjamin.a.hackman@usdoj.gov

United States Trustee

Thomas J. Francella, Jr., Esq.
Mark W. Eckard, Esq.
Raines Feldman Littrell LLP
824 N. Market Street, Suite 805
Wilmington, DE 19801
tfrancella@raineslaw.com
meckard@raineslaw.com

and

Michael J. Roeschenthaler, Esq.
Kenneth J. Lund, Esq.
Harry A. Readshaw, Esq.
Raines Feldman Littrell LLP
11 Stanwix Street, Suite 1100
Pittsburgh, PA 15222
MRoeschenthaler@RainesLaw.com
KLund@RainesLaw.com
HReadshaw@RainesLaw.com

Counsel to the Committee