UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

In re:	§	Chapter 11
	§	
WALTER ENERGY, INC., *et al.*,	§	Case No. 15–02741–TOM11
Debtors.[1]	§	
	§	Jointly Administered
DOMINION RESOURCES BLACK WARRIOR TRUST, by and through its TRUSTEE, SOUTHWEST BANK,	§	Adversary No.: _____
Plaintiff,	§	
VS.	§	
WALTER BLACK WARRIOR BASIN LLC,	§	
Defendant.	§	

TEMPORARY RESTRAINING ORDER

Plaintiff, Dominion Resources Black Warrior Trust ("Plaintiff" or the "Dominion") by and through its Trustee, Southwest Bank, filed an Original Complaint and Application for Preliminary and Permanent Injunction (the "Complaint") against Debtor Walter Black Warrior Basin LLC ("Walter Black" or "Debtor") in the above-styled adversary proceeding.

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Walter Energy, Inc. (9953); Atlantic Development and Capital, LLC (8121); Atlantic Leaseco, LLC (5308); Blue Creek Coal Sales, Inc. (6986); Blue Creek Energy, Inc. (0986); J.W. Walter, Inc. (0648); Jefferson Warrior Railroad Company, Inc. (3200); Jim Walter Homes, LLC (4589); Jim Walter Resources, Inc. (1186); Maple Coal Co., LLC (6791); Sloss-Sheffield Steel & Iron Company (4884); SP Machine, Inc. (9945); Taft Coal Sales & Associates, Inc. (8731); Tuscaloosa Resources, Inc. (4869); V Manufacturing Company (9790); Walter Black Warrior Basin LLC (5973); Walter Coke, Inc. (9791); Walter Energy Holdings, LLC (1596); Walter Exploration & Production LLC (5786); Walter Home Improvement, Inc. (1633); Walter Land Company (7709); Walter Minerals, Inc. (9714); and Walter Natural Gas, LLC (1198). The location of the Debtors' corporate headquarters is 3000 Riverchase Galleria, Suite 1700, Birmingham, Alabama 35244-2359.

Before the Court is Dominion's Verified Application for Temporary Restraining Order. Dominion owns overriding royalty interests (the "ORRI") in certain oil, gas and mineral leases and wells operated by Walter Black. As the operator, Walter Black sells the gas produced – on behalf of the interest owners – to Alabama Gas Corporation. Dominion contends that the proceeds from the sale of Dominion's share of the gas (the "Production Proceeds") are not property of the Debtor's bankruptcy estate. The governing ORRI conveyance between Dominion and Walter Black (the "Conveyance"), obligates Walter Black to distribute, pursuant to an agreed schedule, Dominion's proportionate share of Production Proceeds. The next distribution of Production Proceeds is due August 14, 2015, and totals $983,828. This payment represents Dominion's share of gas produced during the production months of April, May, and June 2015. Walter Black has indicated that it will not distribute the Production Proceeds to Dominion. Further, Walter Black has refused to segregate the Production Proceeds from other funds it holds or from the funds of other co-Debtors. Thus, the Production Proceeds are being comingled with other funds held by the Debtors and could be subject to liens of other creditors or used to pay other obligations of the Debtors.

It appears from the facts and arguments set forth in the Verified Application for Temporary Restraining Order and the Complaint that there is a substantial likelihood that Dominion will prevail on the merits and that immediate and irreparable injury, loss, and harm will likely result to Dominion if Walter Black refuses to segregate and subsequently distribute the Production Proceeds to Dominion in accordance with the Conveyance. Specifically, if such distributions are not timely made, Dominion (as a trust) may be forced to liquidate its assets. Considering the foregoing, together with the parties' pleadings and any argument to the Court, the Court determines that Dominion is entitled to a Temporary Restraining Order.

IT IS, THEREFORE, ORDERED, that

Walter Black and all those acting on its behalf or in concert with Walter Black be and hereby are ORDERED as follows:

(a) to segregate the Production Proceeds attributable to Dominion's ORRI from any and all other cash held by Walter Black or any of the other Debtors;

(b) allowing, agreeing or assenting to any lien being placed on the Production Proceeds; and

(c) refusing to comply with the provisions of the Conveyance related to distribution of the Production Proceeds.

PROVIDED that Dominion shall, prior to the issuance of such temporary restraining order, file with the Clerk of this Court a bond in the amount of $500.00 payable to Walter Black and conditioned as the law requires, in case it is later determined that this temporary restraining order has been wrongfully issued. It is further

ORDERED that a preliminary injunction hearing is set for _____, 2015.

Signed this ____ day of August, 2015.

_____
United States Bankruptcy Judge