Judge OKs Patriot Coal, Miners' Union Deal

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ST. LOUIS (AP) — Patriot Coal Corp. got a bankruptcy judge's go-ahead Tuesday to enter into a new labor agreement with the nation's biggest miners' union, ending a long, acrimonious dispute the company had worried would push into liquidation.

U.S. Bankruptcy Judge Kathy Surratt-States granted St. Louis-based Patriot's request to put in place the collective bargaining deal ratified by some 85 percent of United Mine Workers of America members who cast ballots on the proposal last Friday. Some 1,800 current or laid-off Patriot workers in West Virginia and Kentucky were eligible to vote.

The settlement restores most wage cuts Patriot had sought as part of its efforts to emerge from bankruptcy protection. Pension benefits for thousands of retirees also will be maintained, and active employees will continue earning pension credit as part of the deal Patriot said will save $130 million a year over the next several years.

Cecil Roberts, the union's national president, celebrated Tuesday's development involving the settlement he said "we worked long and hard to reach with Patriot Coal." Those talks intensified after July 1, when Patriot enacted cuts Surratt-States ruled in May the company could impose in abandoning its collective-bargaining agreements with the union.

"The terms and conditions of this settlement are a significant improvement over the company's original proposals, while still giving Patriot the stability and certainty it needs to move forward," Roberts added in a statement. "There is still a long way to go, however, before retired mine workers receive all of the health care benefits they earned during their years in the mines."

Patriot offered no new comment, directing reporters instead to its statement reacting to last week's ratification vote on the deal it said then "provides labor stability and ensures cost savings essential to Patriot's plan of reorganization." Bennett Hatfield, Patriot's president and chief executive, said Patriot appears on track to emerge from bankruptcy by the end of this year.

During an April hearing, the union, through its lawyer, threatened to strike if Surratt-States' ruling didn't go its way. Patriot countered that a strike "would put the company on a path to liquidation, which is the worst possible outcome for UMWA employees and retirees."

Patriot's proposed cuts have been the most contentious aspect since the Peabody Energy Corp. spinoff filed for Chapter 11 bankruptcy in July of last year, saying it would have to spend an unsustainable $1.6 billion to cover the health care costs, putting it at risk of folding.

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