

**Exhibit B**

**Bidding Procedures**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

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| In re:<br><br>Westmoreland Coal Company, <u>et al.</u> , <sup>1</sup><br><br>Debtors. | Chapter 11<br><br>Case No. 18-35672 (DRJ)<br><br>(Jointly Administered) |
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**BIDDING PROCEDURES FOR THE  
SALE OF THE OXFORD ASSETS AND THE BUCKINGHAM MINE**<sup>2</sup>

**Bid Requirements**

1. To participate in the process to bid on the Assets (the “Bidding Process”), each interested person or entity (each, an “Interested Party”) must deliver the following (unless previously delivered) to the WLB Debtors’ counsel, Centerview, the WMLP Debtors’ counsel and Lazard, so as to be **received** no later than 4:00 p.m. (prevailing Central Time) on January 30, 2019:
  - a. an executed confidentiality agreement in form and substance reasonably satisfactory to the Debtors;
  - b. proof by the Potential Bidder of its financial capacity to close the proposed transaction (including current audited or verified financial statements of, or verified financial commitments (“Financial Statements”) obtained by, the Potential Bidder (or, if the Potential Bidder is an entity formed for the purpose of acquiring the property to be sold, the party that will bear liability

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<sup>1</sup> Due to the large number of debtors in these chapter 11 cases, for which joint administration has been granted, a complete list of the debtors and the last four digits of their tax identification, registration, or like numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent in these chapter 11 cases at [www.donlinrecano.com/westmoreland](http://www.donlinrecano.com/westmoreland). Westmoreland Coal Company’s service address for the purposes of these chapter 11 cases is 9540 South Maroon Circle, Suite 300, Englewood, Colorado 80112.

<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings given to them in the *Joint Expedited Motion of the WLB Debtors and the WMLP Debtors for Entry of an Order (I) Approving the Sale of (A) Substantially All of the Assets of Oxford Mining Company, LLC, and Certain of Its Subsidiaries and (B) the Buckingham Mine, (II) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection Therewith, and (III) Granting Related Relief, Including Approval of the Related Sale Process*, to which these Bidding Procedures are attached as Exhibit B.

for a breach) as well as an overview of any recent transactions), the adequacy of which must be acceptable to the Debtors; and

- c. proof by the Potential Bidder of its ability to receive any and all necessary governmental, licensing, regulatory and other approvals.

2. In addition, each submitted Qualified Bid must meet the following criteria:

- a. **Same or Better Terms; Bid Documents:** Each Qualified Bid must be for substantially all of the Assets and on the same or better terms than the terms of the APAs, including an additional \$350,000 in consideration (which may be cash or working capital adjustments) of which no less than \$250,000 shall be consideration for the Oxford Assets. Each Potential Bidder must provide an executed purchase agreement as well as a redline of such agreement marked to reflect the amendments and modifications made to the form of the APAs with respect to the Stalking Horse Bid provided by the Debtors to Potential Bidders;
- b. **Deposit:** Each Qualified Bid must be accompanied by a deposit by wire transfer to an escrow agent selected by the Debtors equal to \$2,500,000 (any such deposit, a “Good Faith Deposit”);
- c. **Adequate Assurance of Future Performance:** Each Qualified Bid must (i) identify the executory contracts and unexpired leases to be assumed and assigned in connection with the proposed sale, (ii) provide for the payment of all cure costs related to such executory contracts and unexpired leases by the Potential Bidder and (iii) demonstrate, in the Debtors’ reasonable business judgment, that the Potential Bidder can provide adequate assurance of future performance under all such executory contracts and unexpired leases;
- d. **Employees and Employment Agreements:** Each Qualified Bid must also indicate whether the Potential Bidder intends to hire all employees who are primarily employed at the Assets and expressly propose a treatment of the employee-related agreements and obligations related to the Assets;
- e. **Transfer of Mining Permits/Assumption of Reclamation Obligations:** Each Qualified Bid must (i) provide that the Potential Bidder will: (a) take transfer of or obtain permits for the mining operations to be acquired, (b) assume all associated reclamation obligations with respect to the mines subject to the Qualified Bid to the extent required under applicable nonbankruptcy law, and (c) obtain assignment of or replace the reclamation surety bonds associated with such permits, and (ii) provide evidence of: (a) the Potential Bidder’s ability to satisfy the conditions set forth in (i) of this paragraph (including verification that the Potential Bidder is not, and will not be as of the time of the transfer, “permit blocked” under the federal Surface Mining Control and Reclamation Act by application of the

federal Applicant Violator System), and (b) the Potential Bidder's financial resources necessary to obtain assignment of or replace the reclamation surety bonds associated with such permits, which evidence may include a letter from a surety company confirming that the Potential Bidder is a "qualified buyer" (as such term is used in the surety industry). The Potential Bidder shall also provide all such evidence submitted (subject to any applicable confidentiality agreements that may be entered into) to surety providers of the relevant mines to be acquired, and the Debtors shall consult with such surety companies with respect to such Potential Bidder's ability to obtain or take transfer of the permits and obtain assignment of or replace surety bonds, each as required by the applicable regulators;

- f. **Government Approvals:** Each Qualified Bid must include a description of all governmental, licensing, regulatory, or other approvals or consents that are required to close the proposed sale, together with evidence satisfactory to the Debtors, after consultation with the Consultation Parties, of the ability to obtain such consents or approvals in a timely manner, as well as a description of any material contingencies or other conditions that will be imposed upon, or that will otherwise apply to, the obtainment or effectiveness of any such consents or approvals; and
- g. **Government Approvals Timeframe:** Each Qualified Bid must set forth an estimated timeframe for obtaining any required internal, governmental, licensing, regulatory or other approvals or consents for consummating any proposed sale.

### **Auction**

3. In the event that the Debtors timely receive more than one Qualified Bid, the Debtors shall conduct an auction (the "Auction") of the Assets on **February 1, 2019, at 9:00 a.m. (prevailing Central Time), at the offices of conflicts counsel to the WMLP Debtors, Jones Day, 717 Texas Avenue, Suite 3300, Houston, Texas 77002-2712.** The Auction shall be in accordance with these Bidding Procedures and upon notice (including the location of the Auction) to all Qualified Bidders who have submitted Qualified Bids.

4. Only representatives or agents of the Debtors, the Stalking Horse Bidder, the Official Committee of Unsecured Creditors appointed in the chapter 11 Cases (the "Creditors' Committee"), the Debtors' secured lenders and any Qualified Bidder that has submitted a Qualified Bid (and the legal and financial advisors to each of the foregoing), will be entitled to

attend the Auction, and only the Stalking Horse Bidder and Qualified Bidders will be entitled to make any subsequent bids at the Auction.

5. If the Debtors do not receive any Qualified Bid other than the Stalking Horse Bidder's Qualified Bid on or prior to the Bid Deadline, no Auction shall occur, and the Debtors shall seek approval of the Sale Transactions to the Stalking Horse Bidder at the Sale Hearing and no further bids shall be considered.

6. The Debtors may take the following considerations into account when evaluating Qualified Bids: (a) the purchase price and whether the bid includes a non-cash instrument or similar consideration that is not freely marketable; (b) the overall value to be provided to the Debtors under the bid, including payment of Cure Costs, assumption of liabilities and the net economic effect upon the Debtors' estates; (c) the ability to obtain any and all necessary applicable regulatory approvals for the proposed Sale Transaction; (d) other contingencies and the ability to close the proposed Sale Transaction on a basis acceptable to the Debtors, and any incremental costs to the Debtors as a result of potential closing delays; and (e) any other factors that the Debtors may deem relevant, including, without limitation, a Qualified Bidder's agreement to assume certain environmental liabilities and perform related remediation activities. The WMLP Debtors and the MLP Lenders (as defined in the Final Cash Collateral Order) shall confer to determine the valuation of any non-cash consideration offered in connection with a Qualified Bid. If the WMLP Debtors and the MLP Lenders cannot reach an agreement with respect to the valuation of such non-cash consideration, the Bankruptcy Court shall determine the valuation of such consideration.

7. The Good Faith Deposits of all Qualified Bidders except for the successful bidder and any alternate bidder will be returned within five business days of the entry of the Sale Order. At the closing of the Sale Transactions, the successful bidder will be entitled to a credit for the

amount of its Good Faith Deposit. The Good Faith Deposit of any alternate bidder will be returned by the Debtors five business days after the closing of the Sale Transactions.

**Modification of Bidding Procedures**

8. After consultation with the Consultation Parties, the Debtors may amend these Bidding Procedures at any time, and from time to time, in any manner that they determine in good faith will best promote the goals of the Bidding Process, including, without limitation, extending or modifying any of the dates described herein or the information and materials required from Qualified Bidders, and a process for the Debtors to select an alternate/back-up bid to the extent the Sale Transaction to the successful bidder does not close for any reason.