

United States Bankruptcy Court

Northern District of Alabama

In re WALTER ENERGY, INC., et al.¹
DebtorsCase No. 15-02741-TOM11 (Jointly Administered)
Chapter 11**PERIODIC REPORT REGARDING VALUE, OPERATIONS, AND PROFITABILITY
OF ENTITIES IN WHICH THE ESTATE OF WALTER ENERGY, INC.
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of June 30, 2015 on the value, operations, and profitability of those entities in which the Debtors' estates hold a substantial or controlling interest, as required by Fed. R. Bankr. P. 2015.3. The estate of Walter Energy, Inc. (the "**Parent**") directly or indirectly holds a substantial or controlling interest in the following entities (collectively, the "**Non-Debtors**" and, together with the Debtors, the "**Company**"):

Name of Entity	Interest of the Estate	Tab #
Walter Energy Canada Holdings, Inc.	100%	N/A
Walter Canadian Coal Partnership	100%	N/A
Wolverine Coal ULC	100%	N/A
Wolverine Coal Partnership	100%	N/A
Brule Coal ULC	100%	N/A
Brule Coal Partnership	100%	N/A
Cambrian Energybuild Holdings ULC	100%	N/A
Willow Creek Coal ULC	100%	N/A
Willow Creek Coal Partnership	100%	N/A
Pine Valley Coal Ltd.	100%	N/A
0541237 BC, Ltd.	100%	N/A
Belcourt Saxon Coal, Ltd.	50%	N/A
Belcourt Saxon Coal Limited Partnership	50%	N/A
Energybuild Group Limited	100%	N/A
Energybuild Holdings Ltd.	100%	N/A
Energybuild Opencast Ltd.	100%	N/A
Energybuild Mining Ltd.	100%	N/A
Energybuild Ltd.	100%	N/A
Mineral Extraction and Handling Ltd.	100%	N/A
Black Warrior Methane Corp.	50%	N/A
Black Warrior Transmission Corp.	50%	N/A
Cardem Insurance Co. Ltd.	100%	N/A

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



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Galleria, Suite 1700, Birmingham, Alabama 35244-2359.

This periodic report (the “**Periodic Report**”) contains a report (the “**Entity Report**”) on the value, operations, and profitability of the entities listed above.

An Entity Report typically consists of three (3) exhibits: **Exhibit “A,”** a valuation estimate for the entity as of a date not more than two (2) years prior to the date of this Periodic Report; **Exhibit “B,”** a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders’ or partners’ equity (deficit) for the period covered by the Entity Report, along with summarized footnotes; and **Exhibit “C,”** a description of the entity’s business operations.

Please note with respect to Exhibit A, the Debtors do not maintain fair market value or other basis of valuation for the Non-Debtors, which may differ substantially from the net book value of these entities, and it would be prohibitively expensive, unduly burdensome, and an inefficient use of estate assets for the Debtors to obtain current market valuations of each of the Non-Debtors in which any Debtor holds a direct interest of 20% or more.

With respect to Exhibit B, in accordance with the indentures governing the 9.875% senior notes due December 2020 and the 8.50% senior notes due April 2021 (collectively the “**Senior Notes**”), certain 100% owned U.S. domestic restricted subsidiaries of the Company have fully and unconditionally guaranteed the Senior Notes on a joint and several basis. The following financial statements present condensed consolidating financial information for (i) the Company, (ii) the issuer of the Senior Notes, (iii) the subsidiaries which are guarantors under the Senior Notes, and (iv) the subsidiaries which are not guarantors of the Senior Notes. The following financial statements are presented in Exhibit B: the supplemental condensed consolidating balance sheets as of June 30, 2015 and December 31, 2015; supplemental condensed consolidating statements of operations for the three and six months ended June 30, 2015 and the year ended December 31, 2014; and supplemental condensed consolidating statement of cash flows for the six months ended June 30, 2015 and year ended December 31, 2014 have been included for the Parent, guarantor and non-guarantor subsidiaries. The Debtors prepare the statement of changes in stockholders’ equity (deficit) solely on a consolidated basis and preparation of such statements on a stand-alone basis for each of the non-debtor entities would require undue hardship. Accordingly, the statement of changes in stockholders’ equity (deficit) for the non-debtor entities have been excluded from this periodic report.

Intercompany transactions between the Debtors and Non-Debtors, may have not been eliminated in the financial statements contained herein. No conclusion as to the legal obligation nor the related asset valuation associated with these intercompany transactions and balances is made by the presentation herein.

The financial information included in this Form 26 filing is based upon the Debtors’ books and records. The financial information for the three and six months ended June 30, 2015 is unaudited and does not purport to show the financial statements of any of the non-debtors in accordance with accounting principals generally accepted in the United States of America (“GAAP”), and therefore may exclude items required by GAAP, such as certain reclassifications, eliminates, accruals, valuations and disclosure items. In addition, the cost basis of any investments in underlying subsidiaries is included in equity. Although management has made reasonable efforts to ensure that the financial information is accurate and complete based on information that was available to them at the time of the preparation, subsequent information or discovery may result in material changes to the information, and inadvertent errors or omissions may exist. Moreover, because certain of the financial information included in this

filing is unaudited information that is subject to further review and potential adjustment, there can be no assurance that the information is complete and accurate. Nothing contained in this filing shall constitute a waiver of any rights of the Debtors, specifically including the Debtors' right to amend the information.

The undersigned, having reviewed the above listing of entities in which the estate of the Debtor holds a substantial or controlling interest, and being familiar with the Debtors' financial affairs, verifies under the penalty of perjury that the listing is complete, accurate, and truthful to the best of his/her knowledge.

Date: August 13, 2015

W G Harvey
Signature of Authorized Individual

William G. Harvey
Name of Authorized Individual

Executive Vice President and
Chief Financial Officer,
Walter Energy, Inc.
Title of Authorized Individual

Exhibit B

WALTER ENERGY, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)
JUNE 30, 2015
(in thousands)

	<u>Parent (Issuer)</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries¹</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
ASSETS					
Cash and cash equivalents	\$ 230,340	\$ —	\$ 36,663	\$ —	\$ 267,003
Trade receivables, net	—	70,005	1,665	—	71,670
Other receivables	125,524	2,684	527	—	128,735
Intercompany receivables	4,401	134,300	—	(138,701)	—
Inventories	—	100,627	61,479	—	162,106
Deferred income taxes	15,984	—	263	—	16,247
Prepaid expenses	8,118	40,773	3,303	—	52,194
Other current assets	164	6,673	2,243	—	9,080
Total current assets	384,531	355,062	106,143	(138,701)	707,035
Mineral interests, net	—	132,125	314,445	—	446,570
Property, plant and equipment, net	6,618	683,146	213,921	—	903,685
Investment in subsidiaries	814,796	6,477	—	(821,273)	—
Other long-term assets	39,909	13,533	16,980	—	70,422
Total assets	<u>\$ 1,245,854</u>	<u>\$ 1,190,343</u>	<u>\$ 651,489</u>	<u>\$ (959,974)</u>	<u>\$ 2,127,712</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Accounts payable	\$ 19,875	\$ 27,073	\$ 3,804	\$ —	\$ 50,752
Accrued expenses	66,462	51,039	11,899	—	129,400
Intercompany payables	134,300	—	4,401	(138,701)	—
Pension and other postretirement benefits obligation	851	28,937	—	—	29,788
Liability for uncertain tax positions	161,271	—	4,829	—	166,100
Other current liabilities	12,001	26,238	15,172	—	53,411
Current debt	3,015,052	9,361	1,436	—	3,025,849
Total current liabilities	3,409,812	142,648	41,541	(138,701)	3,455,300
Deferred income taxes	27,432	—	42,605	—	70,037
Pension and other postretirement benefits obligation	10,457	635,422	—	—	645,879
Other long-term liabilities	30,082	100,469	57,874	—	188,425
Total liabilities	3,477,783	878,539	142,020	(138,701)	4,359,641
Stockholders' equity (deficit):	(2,231,929)	311,804	509,469	(821,273)	(2,231,929)
Total liabilities and stockholders' equity (deficit)	<u>\$ 1,245,854</u>	<u>\$ 1,190,343</u>	<u>\$ 651,489</u>	<u>\$ (959,974)</u>	<u>\$ 2,127,712</u>

¹ The Non-Guarantor column includes all balances relates to covered non-Debtors. Blue Creek Energy, Inc. is a Debtor subsidiary and is also reported in the Non-Guarantor balances above. Blue Creek Energy Inc.'s balances are immaterial.

WALTER ENERGY, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(UNAUDITED)
THREE MONTHS ENDED JUNE 30, 2015
(in thousands)

	<u>Parent (Issuer)</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries¹</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
Revenues:					
Sales	\$ —	\$ 183,315	\$ 10,520	\$ —	\$ 193,835
Miscellaneous income (loss)	775	2,630	(613)	—	2,792
Total revenues	775	185,945	9,907	—	196,627
Cost and expenses:					
Cost of sales (exclusive of depreciation and depletion)	—	203,680	22,187	—	225,867
Depreciation and depletion	599	34,012	16,867	—	51,478
Selling, general and administrative	14,458	10,998	2,773	—	28,229
Other postretirement benefits	(66)	12,399	—	—	12,333
Restructuring charges	355	1,322	769	—	2,446
Asset impairments	—	—	2,897,928	—	2,897,928
Total costs and expenses	15,346	262,411	2,940,524	—	3,218,281
Operating loss	(14,571)	(76,466)	(2,930,617)	—	(3,021,654)
Interest income (expense), net	(75,234)	(166)	549	—	(74,851)
Loss before income tax benefit	(89,805)	(76,632)	(2,930,068)	—	(3,096,505)
Income tax benefit	(3,239)	—	(638,202)	—	(641,441)
Equity in net losses of subsidiaries	(2,368,498)	—	—	2,368,498	—
Net loss	<u>\$ (2,455,064)</u>	<u>\$ (76,632)</u>	<u>\$ (2,291,866)</u>	<u>\$ 2,368,498</u>	<u>\$ (2,455,064)</u>

¹ The Non-Guarantor column includes all balances relates to covered non-Debtors. Blue Creek Energy, Inc. is a Debtor subsidiary and is also reported in the Non-Guarantor balances above. Blue Creek Energy Inc.'s balances are immaterial.

WALTER ENERGY, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)
SIX MONTHS ENDED JUNE 30, 2015
(in thousands)

	<u>Parent (Issuer)</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries¹</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
Revenues:					
Sales	\$ —	\$ 431,685	\$ 47,796	\$ —	\$ 479,481
Miscellaneous income	1,228	2,885	3,959	—	8,072
Total revenues	<u>1,228</u>	<u>434,570</u>	<u>51,755</u>	<u>—</u>	<u>487,553</u>
Cost and expenses:					
Cost of sales (exclusive of depreciation and depletion)	—	436,096	74,464	—	510,560
Depreciation and depletion	1,174	70,276	39,210	—	110,660
Selling, general and administrative	19,841	23,493	5,956	—	49,290
Other postretirement benefits	(133)	24,799	—	—	24,666
Restructuring charges	355	1,322	769	—	2,446
Asset impairments	—	—	2,897,928	—	2,897,928
Total costs and expenses	<u>21,237</u>	<u>555,986</u>	<u>3,018,327</u>	<u>—</u>	<u>3,595,550</u>
Operating loss	(20,009)	(121,416)	(2,966,572)	—	(3,107,997)
Interest expense, net	(151,590)	(361)	(1,136)	—	(153,087)
Gain on extinguishment of debt	58,626	—	—	—	58,626
Loss before income tax benefit	(112,973)	(121,777)	(2,967,708)	—	(3,202,458)
Income tax benefit	(3,239)	—	(663,959)	—	(667,198)
Equity in net losses of subsidiaries	(2,425,526)	—	—	2,425,526	—
Net loss	<u>\$ (2,535,260)</u>	<u>\$ (121,777)</u>	<u>\$ (2,303,749)</u>	<u>\$ 2,425,526</u>	<u>\$ (2,535,260)</u>

¹ The Non-Guarantor column includes all balances relates to covered non-Debtors. Blue Creek Energy, Inc. is a Debtor subsidiary and is also reported in the Non-Guarantor balances above. Blue Creek Energy Inc.'s balances are immaterial.

WALTER ENERGY, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(UNAUDITED)
SIX MONTHS ENDED JUNE 30, 2015
(in thousands)

	Parent (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries ¹	Eliminations	Total Consolidated
Cash flows provided by (used in) operating activities	\$ 22,008	\$ (151,526)	\$ (17,612)	\$ —	\$ (147,130)
INVESTING ACTIVITIES					
Additions to property, plant and equipment	(598)	(44,984)	(2,750)	—	(48,332)
Proceeds from sale of property, plant and equipment	—	1,454	252	—	1,706
Other	—	—	589	—	589
Cash flows used in investing activities	(598)	(43,530)	(1,909)	—	(46,037)
FINANCING ACTIVITIES					
Retirements of debt	—	(3,550)	(3,498)	—	(7,048)
Advances from (to) consolidated entities	(212,543)	197,489	15,054	—	—
Other	(60)	—	—	—	(60)
Cash flows provided by (used in) financing activities	(212,603)	193,939	11,556	—	(7,108)
Effect of foreign exchange rates on cash	—	—	(1,254)	—	(1,254)
Net decrease in cash and cash equivalents	(191,193)	(1,117)	(9,219)	—	(201,529)
Cash and cash equivalents at beginning of period	421,533	1,117	45,882	—	468,532
Cash and cash equivalents at end of period	\$ 230,340	\$ —	\$ 36,663	\$ —	\$ 267,003

¹ The Non-Guarantor column includes all balances relates to covered non-Debtors. Blue Creek Energy, Inc. is a Debtor subsidiary and is also reported in the Non-Guarantor balances above. Blue Creek Energy Inc.'s balances are immaterial.

WALTER ENERGY, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING BALANCE SHEETS

DECEMBER 31, 2014

(in thousands)

	Parent (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries ¹	Eliminations	Total Consolidated
ASSETS					
Cash and cash equivalents	\$ 421,533	\$ 1,117	\$ 45,882	\$ —	\$ 468,532
Trade receivables, net	—	88,959	2,098	—	91,057
Other receivables	123,659	2,193	1,185	—	127,037
Intercompany receivables	—	206,118	14,952	(221,070)	—
Inventories	—	110,882	90,716	—	201,598
Deferred income taxes	15,986	—	833	—	16,819
Prepaid expenses	3,424	40,044	2,722	—	46,190
Other current assets	10,363	7,029	2,150	—	19,542
Total current assets	574,965	456,342	160,538	(221,070)	970,775
Mineral interests, net	—	135,377	2,701,424	—	2,836,801
Property, plant and equipment, net	7,558	726,478	732,261	—	1,466,297
Investment in subsidiaries	3,233,399	6,459	—	(3,239,858)	—
Other long-term assets	87,928	17,857	6,471	—	112,256
	<u>\$ 3,903,850</u>	<u>\$ 1,342,513</u>	<u>\$ 3,600,694</u>	<u>\$ (3,460,928)</u>	<u>\$ 5,386,129</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current debt	\$ —	\$ 7,209	\$ 5,118	\$ —	\$ 12,327
Accounts payable	2,296	30,697	5,987	—	38,980
Accrued expenses	43,088	60,762	21,468	—	125,318
Intercompany payables	221,070	—	—	(221,070)	—
Pension and other postretirement benefits obligation	95	28,937	—	—	29,032
Other current liabilities	168,444	27,172	20,336	—	215,952
Total current liabilities	434,993	154,777	52,909	(221,070)	421,609
Long-term debt	3,117,886	5,704	53	—	3,123,643
Pension and other postretirement benefits obligation	10,502	630,729	—	—	641,231
Deferred income taxes	23,766	—	706,919	—	730,685
Other long-term liabilities	35,122	96,599	55,659	—	187,380
Total liabilities	3,622,269	887,809	815,540	(221,070)	5,104,548
Stockholders' equity	281,581	454,704	2,785,154	(3,239,858)	281,581
	<u>\$ 3,903,850</u>	<u>\$ 1,342,513</u>	<u>\$ 3,600,694</u>	<u>\$ (3,460,928)</u>	<u>\$ 5,386,129</u>

¹ The Non-Guarantor column includes all balances relates to covered non-Debtors. Blue Creek Energy, Inc. is a Debtor subsidiary and is also reported in the Non-Guarantor balances above. Blue Creek Energy Inc.'s balances are immaterial.

WALTER ENERGY, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

(in thousands)

	Parent (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries¹	Eliminations	Total Consolidated
Revenues:					
Sales	\$ —	\$ 1,136,548	\$ 237,874	\$ —	\$ 1,374,422
Miscellaneous income	1,206	13,631	18,086	—	32,923
	<u>1,206</u>	<u>1,150,179</u>	<u>255,960</u>	<u>—</u>	<u>1,407,345</u>
Cost and expenses:					
Cost of sales (exclusive of depreciation and depletion)	—	963,015	303,742	—	1,266,757
Depreciation and depletion	2,456	148,218	111,851	—	262,525
Selling, general and administrative	6,276	47,167	18,572	—	72,015
Other postretirement benefits	(177)	55,653	—	—	55,476
Restructuring and asset impairments	564	52,223	4,721	—	57,508
	<u>9,119</u>	<u>1,266,276</u>	<u>438,886</u>	<u>—</u>	<u>1,714,281</u>
Operating loss	(7,913)	(116,097)	(182,926)	—	(306,936)
Interest income (expense), net	(299,405)	6,458	(2,956)	—	(295,903)
Gain on extinguishment of debt	33,673	—	—	—	33,673
Other income (loss), net	704	(2)	(56)	—	646
	<u>(272,941)</u>	<u>(109,641)</u>	<u>(185,938)</u>	<u>—</u>	<u>(568,520)</u>
Loss before income tax benefit	(272,941)	(109,641)	(185,938)	—	(568,520)
Income tax benefit	(184)	—	(97,768)	—	(97,952)
Equity in net losses of subsidiaries	(197,811)	—	—	197,811	—
Net loss	<u>\$ (470,568)</u>	<u>\$ (109,641)</u>	<u>\$ (88,170)</u>	<u>\$ 197,811</u>	<u>\$ (470,568)</u>

¹ The Non-Guarantor column includes all balances relates to covered non-Debtors. Blue Creek Energy, Inc. is a Debtor subsidiary and is also reported in the Non-Guarantor balances above. Blue Creek Energy Inc.'s balances are immaterial.

WALTER ENERGY, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

(in thousands)

	Parent (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries ¹	Eliminations	Total Consolidated
Cash flows provided by (used in) operating activities	\$ (179,786)	\$ 53,037	\$ (12,955)	\$ —	\$ (139,704)
INVESTING ACTIVITIES					
Additions to property, plant and equipment	(3,279)	(82,889)	(6,831)	—	(92,999)
Proceeds from sale of property, plant and equipment	(44)	30,156	—	—	30,112
Intercompany loans made	(5,200)	—	—	5,200	—
Intercompany loans received	1,828	—	—	(1,828)	—
Other	—	—	488	—	488
Cash flows used in investing activities	(6,695)	(52,733)	(6,343)	3,372	(62,399)
FINANCING ACTIVITIES					
Proceeds from issuance of debt	869,800	—	—	—	869,800
Retirements of debt	(411,766)	(7,626)	(7,773)	—	(427,165)
Dividends paid	(2,625)	—	—	—	(2,625)
Debt issuance costs	(27,748)	—	—	—	(27,748)
Advances from (to) consolidated entities	(53,602)	6,812	46,790	—	—
Intercompany notes borrowings	—	—	5,200	(5,200)	—
Intercompany notes payments	—	—	(1,828)	1,828	—
Proceeds from stock-options exercised	108	—	—	—	108
Other	(303)	7	(7)	—	(303)
Cash flows provided by (used in) financing activities	373,864	(807)	42,382	(3,372)	412,067
Effect of foreign exchange rates on cash	—	—	(2,250)	—	(2,250)
Net increase (decrease) in cash and cash equivalents	187,383	(503)	20,834	—	207,714
Cash and cash equivalents at beginning of period	234,150	1,620	25,048	—	260,818
Cash and cash equivalents at end of period	\$ 421,533	\$ 1,117	\$ 45,882	\$ —	\$ 468,532

¹ The Non-Guarantor column includes all balances relates to covered non-Debtors. Blue Creek Energy, Inc. is a Debtor subsidiary and is also reported in the Non-Guarantor balances above. Blue Creek Energy Inc.'s balances are immaterial.

Exhibit C

The Company is a leading producer and exporter of metallurgical coal for the global steel industry from underground and surface mines with mineral reserves located in the U.S., Canada and the U.K. The Company also extracts, processes, markets and/or possesses mineral reserves of thermal coal and anthracite coal, as well as produce metallurgical coke and coal bed methane gas.

The Canadian and U.K. Operations segment includes surface mines in Northeast British Columbia (Canada) and an underground development mine in South Wales (U.K.). The Canadian mining operations consist of three metallurgical coal surface mines in Northeast British Columbia (the Wolverine Mine, the Brule Mine and the Willow Creek Mine). The Wolverine Mine was idled in April 2014 and the Brazion operations (which include the Company's Brule and Willow Creek mines) were idled in June 2014. The Company idled the preparation plant at the Willow Creek Mine in June 2015 after completing the processing of the remaining coal inventory. The Company's U.K. mining operation consists of an underground development mine located in South Wales that produces anthracite coal, which can be sold as low-volatile PCI coal. The U.K. operations were idled in July 2015.

The Company owns a 50% interest in Black Warrior Methane ("BWM"), which is accounted for under the proportionate consolidation method. The Company has granted the rights to produce and sell methane gas from its coal mines to BWM. The Company also supplies labor to BWM and incurs costs, including property and liability insurance, to support the joint venture. The Company charges the joint venture for such costs on a monthly basis. These charges for 2014, 2013 and 2012 were \$1.8 million, \$1.9 million and \$2.4 million, respectively.

In connection with the acquisition of Western Coal Corp., the Company acquired a 50% interest in the Belcourt Saxon Coal Limited Partnership ("Belcourt Saxon"). Belcourt Saxon owns two multi-deposit coal properties which are located approximately 40 to 80 miles south of the Wolverine Mine in Northeast British Columbia. The joint venture was formed for the future exploration and development of surface coal mines. Belcourt Saxon is accounted for under the proportionate consolidation method. Costs associated with the joint venture were insignificant for 2014, 2013 and 2012. No field work was conducted on the Belcourt Saxon properties during 2014, other than maintenance of environmental monitoring stations.