

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:

PATRIOT COAL CORPORATION, et al.,

Debtors.

Chapter 11

Case No.: 12-51502-659 (KSS)

Jointly Administered

**ANDREW A. PAYNE, III, DECLARATION IN SUPPORT
OF PAYNE-GALLATIN COMPANY INITIAL HEARING
BRIEF IN SUPPORT OF ITS OBJECTION [ECF 2056]
TO DEBTORS' MOTION FOR AUTHORIZATION TO
(i) ASSUME OR (ii) REJECT UNEXPIRED LEASES OF
NONRESIDENTIAL REAL PROPERTY [ECF 1995]**

I, Andrew A. Payne, III, hereby declare pursuant to 28 U.S.C. § 1746:

1. I am the President of Payne-Gallatin Company, a West Virginia corporation ("PG").

I am familiar with the business operations and the books and records of PG.

2. I submit this declaration in support of PG's Initial Hearing Brief In Support Of Its Objection [ECF 2056] To Debtors' Motion For Authorization To (i) Assume Or (ii) Reject Unexpired Leases Of Nonresidential Real Property [ECF 1995].

3. I have based all my statements in this Declaration upon my personal knowledge, the books and records of PG, and public records, except as otherwise indicated. If called upon to testify, I would testify competently to the facts set forth in this declaration.

4. PG is lessor and Debtor Panther LLC ("Panther") is lessee under a lease dated October 15, 1976 (the "Lease") for certain mining rights on 994 acres located on Wet Branch of Cabin Creek of Kanawha River, in Kanawha County, West Virginia (the "Lease Premises").

6. After initial loading at Panther's Coal Clean Preparation Plant Complex on the Lease Premises, trucks haul the coal to various sites off the Lease Premises for further handling and loading, including:

- (i) a railroad ("rail") loading facility located on Tom's Fork of Cabin Creek (the "Tom's Fork Loadout");
- (ii) a barge loading facility located on the Kanawha River at Chelyan, Kanawha County, West Virginia (the "Chelyan Dock");
- (iii) a barge loading facility located on the Kanawha River at Marmet, West Virginia (the "Marmet Dock");
- (iv) a barge loading facility located on the Kanawha River at Port Amherst, Kanawha County, West Virginia ("Port Amherst");
- (v) a barge and rail loading facility located on the Kanawha River at Quincy, Kanawha County, West Virginia (the "Quincy Dock"); and
- (vii) a barge loading facility located on the Kanawha River at Winifrede, Kanawha County, West Virginia (the "Winifrede Dock").

The Chelyan Dock, Marmet Dock, Port Amherst, Quincy Dock and Winifrede Dock are hereinafter collectively referred to as the "Kanawha River Docks."

7. At the Tom's Fork Loadout, the trucks unload the coal onto stockpiles. The coal is moved from the stockpiles and loaded into rail cars.

8. From the Toms Fork Loadout, the coal is transported by rail to various sites for final loading, including:

- (i) a barge and rail loading facility on the Ohio River at Ceredo, Cabell County, West Virginia (the "Ceredo Dock");

- (ii) a ship loading terminal at Newport News, Hampton Roads, Virginia, known as Dominion Terminal (“DTA”), and
- (iii) a ship loading terminal at Newport News, Hampton Roads, known as Pier IX (“Pier IX”).

9. At the Ceredo Dock, the coal is unloaded from the rail cars onto stockpiles and is moved by belt conveyor from the stockpiles for final loading into a barge. The coal can also be transferred directly from the rail car for final loading into a barge.

10. At DTA, the coal is unloaded from the rail cars onto stockpiles. From the stockpiles the coal is moved for final loading into a ship.

11. At Pier IX, the coal is unloaded from the rail cars onto stockpiles. From the stockpiles the coal is moved for final loading into a ship.

12. At the Kanawha River Docks, the trucks unload the coal onto stockpiles and then it is moved for final loading into a barge. At Quincy Dock, the coal can also be moved for final loading into rail cars.

13. Unloading and transferring coal from truck or rail and loading the coal into a barge or ship is known in the coal industry as “transloading.”

14. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on May 7, 2013
Charleston, West Virginia



Andrew A. Payne, III