

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION**

**In re:**

**PATRIOT COAL CORPORATION, *et al.*,**

**Debtors.**

**Chapter 11  
Case No. 12-51502-659  
(Jointly Administered)**

**SUPPLEMENTAL DECLARATION OF LLOYD A. PALANS  
IN SUPPORT OF APPLICATION TO EMPLOY BRYAN CAVE LLP AS LOCAL  
RESTRUCTURING COUNSEL AND CORPORATE COUNSEL FOR THE DEBTORS**

I, Lloyd A. Palans, hereby state and declare as follows:

1. I am an attorney and partner in the law firm of Bryan Cave LLP (“Bryan Cave”).

Our firm maintains offices for the practice of law at One Metropolitan Square, 211 N. Broadway, St. Louis, Missouri and in more than 20 other locations in the United States, Europe, and Asia. I am familiar with the matters set forth herein.

2. I submit this Supplemental Declaration pursuant to Section 329(a) of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 2014(a) and 2016(b) in further support of the Application for Authority to Employ Bryan Cave LLP as Local Restructuring Counsel and Corporate Counsel for the Debtors (the “Application”). This Supplemental Declaration updates and supplements the Declaration of Lloyd A. Palans dated January 15, 2013 that was attached as Exhibit A to the Application (the “Prior Declaration”). Capitalized terms not defined in this Supplemental Declaration have the meanings given thereto in the Application.

3. I and my colleagues have been engaged in discussions with the United States Trustee regarding certain questions the United States Trustee asked about the Prior Declaration.

The following paragraphs provide additional information or updated disclosures in response to the United States Trustee's inquiries.

4. As local restructuring counsel, Bryan Cave will have responsibility for rendering professional services to the Debtors as delegated to Bryan Cave by the Debtors and Davis Polk as being more efficiently handled by Bryan Cave and not duplicative of the services to be performed for the Debtors by Davis Polk. Such delegated services will include addressing issues of local practice and customs in this Court and may include the matters identified in paragraph 9 of the Application. Although no definitive division of responsibility has yet been made with respect to matters that may arise in later stages of these cases, I understand that it is likely that the Debtors and Davis Polk will delegate to Bryan Cave responsibility for matters such as the assumption and rejection of executory contracts and unexpired leases, objections to and reconciliation of claims, and approval of compromises and settlements under Federal Rule of Bankruptcy Procedure 9019. In any event, Bryan Cave will not be responsible for the overall direction or prosecution of these cases.

5. The non-restructuring matters currently being handled by Bryan Cave for the Debtors include but are not limited to advice regarding filings with the Securities and Exchange Commission and certain questions of corporate governance that arise from time to time. To the best of my knowledge, none of these services are duplicative of services provided by other law firms.

6. The Prior Declaration refers to safeguards implemented by Bryan Cave to assure that information will not be shared between Bryan Cave's restructuring attorneys working for the Debtors and other Bryan Cave attorneys who may be requested to work for certain other clients of Bryan Cave. With respect to each ethical screen activated in these proceedings, Bryan Cave

has implemented a formal ethical screen, and Bryan Cave's general counsel has distributed a memorandum to affected attorneys and other timekeepers directing them as follows: (a) that the members of the restructuring team working for the Debtors in this case (the "Restructuring Team") shall not discuss or share information regarding the Debtors with the members of the teams working for such other clients, and vice versa; (b) that the members of the Restructuring Team shall not work on matters for such other clients during the pendency of Bryan Cave's engagement in these cases; (c) that the members of the teams working for such other clients shall not work on Bryan Cave's representation of the Debtors in these cases; (d) that files relating to Bryan Cave's representation of the Debtors in these cases shall be maintained exclusively in the possession of persons designated by my colleague Brian Walsh; and (e) that any person who knowingly violates the terms of the ethical screen risks sanctions, including possible termination of employment. In addition, Bryan Cave has implemented procedures to block (y) members of the Restructuring Team from accessing files and documents that are stored in Bryan Cave's electronic document management system in connection with Bryan Cave's representation of such other clients, and (z) members of the teams working for such other clients from accessing files and documents that are stored in Bryan Cave's electronic document management system and its billing system in connection with Bryan Cave's representation of the Debtors in these cases. The result of these safeguards is to formally screen Bryan Cave attorneys working for other affected clients of Bryan Cave from information regarding the Debtors' cases.

7. During 2011, work performed for Bank of America, N.A. and its affiliates relating to commercial lending, trust-company representations, and related legal services, such as commercial workouts and restructuring and litigation relating to commercial loans, resulted in

less than 1% of Bryan Cave's revenues. During 2011, work performed for Citibank, N.A. and its affiliates resulted in less than 1% of Bryan Cave's revenues.

8. To the extent the Application or the engagement letter (Attachment 1 to the Prior Declaration) is inconsistent with the terms of an Order that may be entered approving the Application, the terms of such Order shall govern. Notwithstanding the provisions of Bryan Cave's engagement letter relating to the termination of the Debtors' engagement of Bryan Cave, I understand and acknowledge that leave of this Court is required before Bryan Cave may withdraw as counsel to the Debtors.

9. The facts in this Declaration are stated to the best of my knowledge, information, and belief, my personal knowledge of Bryan Cave's practices and representation of the Debtors, information learned from my review of relevant documents and/or information supplied to me by other members and employees of Bryan Cave and the results of searches of Bryan Cave's conflict-check database, which system is described in greater detail in the Prior Declaration.

I declare under penalty of perjury that the foregoing is true and correct. Executed on February 1, 2013.

/s/ Lloyd A. Palans  
Lloyd A. Palans