

Exhibit 3

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
)	
WESTMORELAND COAL COMPANY, <i>et al.</i> ,)	Case No. 18-35672 (DRJ)
)	
Debtors.)	(Jointly Administered)
)	

**DECLARATION AND EXPERT REPORT OF MARC D. PUNTUS IN SUPPORT OF
THE DEBTORS’ MOTION PURSUANT TO 11 U.S.C. §§ 105, 1113 AND 1114 FOR AN
ORDER AUTHORIZING (BUT NOT DIRECTING) THE DEBTORS TO (A) REJECT
CERTAIN COLLECTIVE BARGAINING AGREEMENTS, (B) IMPLEMENT
DEBTORS’ PROPOSAL, AND (C) MODIFY CERTAIN RETIREE BENEFITS**

Pursuant to 28 U.S.C. § 1746, I Marc D. Puntus, hereby declare as follows:

1. I submit this declaration (the “Declaration”) in support of the *Debtors’ Motion Pursuant to 11 U.S.C. § 105, 1113 and 1114 for an Order Authorizing (But Not Directing) the Debtors to (A) Reject Certain Collective Bargaining Agreements; (B) Implement Debtors’ Proposal; and (c) Modify Certain Retiree Benefits* (the “Motion”).¹ Except as otherwise indicated, all facts and opinions set forth in this Declaration are based upon my personal knowledge of the WLB Debtors’² operations and finances, information learned from my review of relevant documents, information I have received from members of my team, and information I have received from members of the WLB Debtors’ management team and the WLB Debtors’ advisors. If called upon to testify, I could and would testify competently to the

¹ Capitalized terms used by not defined herein shall have the meanings ascribed to such terms in the Motion.

² The term “WLB Debtors” means all Debtors except for Westmoreland Resource Partners, LP (“WMLP”) and WMLP’s subsidiaries (collectively with WMLP, the “WMLP Debtors”)

facts and opinions set forth herein.

2. As described below, it is my opinion that the WLB Debtors cannot reorganize without selling their assets. It is also my opinion that the WLB Debtors will not be able to sell their assets to any buyer without rejecting, terminating, or modifying in a manner that is acceptable to the buyer of their assets, (a) the Retiree Benefits; and (b) the UMWA CBAs (both, as defined in the Motion). Finally, it is my opinion that if the WLB Debtors are unable to terminate their Retiree Benefits and reject their UMWA CBAs (or modify the UMWA CBAs in a manner acceptable to the buyer(s) of the WLB Debtors' assets), the WLB Debtors will have no alternative but liquidation. The reasons and bases for these opinions are described below.

Qualifications

3. I am a Partner and co-head of the Debt Advisory and Restructuring Group of Centerview Partners LLC ("Centerview"). Centerview is a full-service independent investment banking firm providing financial advisory services, including mergers and acquisitions, debt financing, and restructuring advice across a broad range of industries. Centerview and its senior professionals have extensive experience in the reorganization, restructuring and sale of distressed companies, both out-of-court and in chapter 11 proceedings.

4. I have over 25 years of experience advising and executing financing and restructuring transactions and distressed and regular-way mergers and acquisitions, including section 363 and chapter 11 plan sales. My experience includes representing companies, boards, creditors, and shareholders in a variety of situations. Prior to joining Centerview, I was a co-founder of, and served as a managing director at, Miller Buckfire & Co. and served

in the financial restructuring group of Dresdner Kleinwort Wasserstein. Prior to entering the financial services industry, I was a Partner in the Business, Finance, and Restructuring department of Weil, Gotshal & Manges LLP. I graduated from Georgetown University with a B.S.B.A./Finance and Boston University School of Law with a J.D.

5. I provided testimony (either by declaration, proffer, or live testimony) in the following cases over the past four years: *In re Westmoreland Coal Co.*, No. 18-35672, (Bankr. S.D. Tex.); *In re Patriot Coal Co.*, No. 15-32450 (Bankr. E.D. Va.); *In re Catalina Marketing Corp.*, No. 18-12794 (Bankr. D. Del.); and *In re Performance Sports Grp.*, No. 16-12373 (Bankr. D. Del.). I am not being separately compensated for my time spent providing this testimony, as Centerview's compensation in this matter was previously approved by this Court. See Dkt. 209, 494.³

The Debtors' Obligations

6. The Debtors' assets are currently encumbered by secured debt exceeding \$1 billion. The Debtors' debt obligations (either as borrower or guarantor) are summarized below:

Debt Instrument (as defined herein)	Maturity Date	Outstanding Principal Amount
WMLP Term Loan Facility	December 31, 2018	\$326.8 million
<i>WMLP Total</i>		<i>\$326.8 million</i>
WLB DIP Loan Facility	May 21, 2019	\$110 million
WLB Term Loan Facility	December 16, 2020	\$320 million
WLB Senior Secured Notes	January 1, 2022	\$350 million
<i>WLB Total</i>		<i>\$780 million</i>

³ My prior declaration submitted in support of the WLB DIP Loan Facility [Dkt. 17 at pp. 109-123] is incorporated by reference.

<i>Total Secured Debt Obligations</i>	<i>\$1.106.8 billion</i>
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7. In addition, the WLB Debtors are burdened by substantial legacy liabilities, as described in more detail in the Motion.

The RSA Negotiations

8. For a number of reasons, including the extremely challenging thermal coal market environment, the unique risks inherent in the WLB Debtors' "mine mouth" operating model and the WLB Debtors' significant legacy liabilities and secured indebtedness, the WLB Debtors retained Centerview in February 2018 to assist in evaluating potential restructuring alternatives. As further described in the First Day Declaration, Centerview advised the WLB Debtors in obtaining the bridge loan facility, which provided the WLB Debtors with sufficient liquidity to avoid a freefall chapter 11 filing and gave the WLB Debtors significant runway to negotiate a holistic, consensual restructuring with their secured lenders.

9. Centerview also assisted the WLB Debtors in negotiating a Restructuring Support Agreement (the "RSA") with an *ad hoc* group of approximately 87% of their first lien lenders (the "Ad Hoc Group."). Pursuant to the RSA, the Ad Hoc Group agreed to create a new entity that would serve as a stalking horse bidder (the "Stalking Horse") and would submit a credit bid for the WLB Debtors' Core Assets (as defined below) and agree to accept any of the Non-Core Assets (as defined below) to the extent a third party had not agreed, prior to the Effective Date, to acquire such Non-Core Assets (the "Stalking Horse Bid"). The Stalking Horse Bid would be subject to higher and better bids following the market-testing of the Stalking Horse Bid through the WLB Debtors' auction process.

10. In the RSA, the WLB Debtors' assets were divided into "Core Assets" and "Non-

Core Assets.” The Core Assets initially included two U.S. mining assets (Colstrip and San Juan), 100% of the equity in the Canadian subsidiary, certain cash and cash equivalents, as well as commercial tort and investment arbitration claims. The Non-Core Assets initially included four active mining operations (WRI, Buckingham, Beulah, and Savage), one reclamation-only project (Jewett), and one permitted, but not active mine (Haystack). The Core Assets now also include Haystack and WRI, which are no longer considered Non-Core Assets.

11. The RSA provides many benefits to the WLB Debtors and their stakeholders. The transactions contemplated by the RSA, if consummated, will allow the WLB Debtors’ operations to continue as a going concern, preserving their operations and over a thousand jobs. In my opinion, liquidation was a very real possibility for the WLB Debtors prior to the execution of the RSA, and remains a very real possibility if the WLB Debtors are unable to consummate the transactions. In order to keep the WLB Debtors’ business operating, the Ad Hoc Group agreed in the RSA that the Stalking Horse and/or the underlying secured creditors would:

- vote for a plan that will substantially impair their bonds and bank debt;
- pay for certain “Funded Liabilities” (as defined in the Plan) that must be paid for the WLB Debtors to emerge from chapter 11 (including certain secured and administrative claims);
- purchase all of the WLB Debtors’ Non-Core Assets (which the Ad Hoc Group does not want), to the extent there is no other buyer for such assets, *and* fund certain claims associated with the Non-Core Assets to the extent they purchase the Non-Core Assets (including legacy asset reclamation obligations (ARO) relating to mines that are not producing coal at this time);
- assume two pension plans covered by the PBGC (if they are frozen, as requested in the Debtors’ proposals to UMWA and IUOE);
- pay tens of millions of dollars in critical trade payments;

- support the Debtors' efforts to secure consensual resolution of collective bargaining agreements and retiree medical issues with the IUOE; and
- propose to fund a retiree medical settlement for Heritage, Kemmerer and Beulah retirees (for which the lenders have offered \$6 million).

The Non-Core Asset Marketing Process

12. Centerview began formally marketing the WLB Debtors' Non-Core Assets in August 2018 (the "Non-Core Asset Marketing Process"). As part of the Non-Core Asset Marketing Process, Centerview contacted 37 parties, including five (5) financial buyers and 32 strategic buyers. 15 parties executed non-disclosure agreements ("NDAs"), received a Confidential Information Memorandum ("CIM"), were offered access to a virtual data room, and were offered the opportunity to participate in site visits.

13. Centerview asked interested parties to submit bids for the Non-Core Assets, including the WLB Debtors' Beulah mine, by October 17, 2018 (the "Non-Core Bid Deadline"). Importantly, notwithstanding such deadline, Centerview has continued to engage with any party interested in purchasing any of the WLB Debtors' Non-Core Assets after the Non-Core Bid Deadline and through the date of this Declaration.

14. On or shortly after the Bid Deadline, Centerview received four (4) non-binding proposals with respect to certain of the Non-Core Assets.

15. Two of the proposals (the "Operator Bids") with respect to the Non-Core Assets contemplated bidders operating the assets for a management fee, without owning them or assuming any related liabilities, including reclamation, the WLB Debtors' current collective bargaining agreements, pension obligations, Retiree Benefits, or other post-employment benefits ("OPEB").

16. The remaining two non-binding proposals with respect to certain of the Non-Core Assets assumed a transfer of ownership of the assets.

17. One such proposal was made by Merida Natural Resources (“Merida”) and contemplated the purchase of WRI, Beulah, Savage, Jewett and Haystack for zero consideration. Merida has subsequently submitted a proposal to acquire Buckingham for \$1.25 million in cash and has revised its original proposal such that it has offered to buy Beulah, Savage, and Jewett for zero consideration. Notably, Merida is unwilling to assume any significant liabilities, except for reclamation liabilities. Specifically, Merida’s bids all require that the subject assets were transferred free and clear of the existing pension and OPEB obligations, and free and clear of the existing CBAs, leaving Merida with the ability to negotiate its own CBAs with the unions.

18. The second bid received for the Non-Core Assets was from Chuck Ungorean, who bid \$1 million to acquire Buckingham in a section 363 sale free and clear of existing liabilities. Similar to Merida, Mr. Ungorean is unwilling to assume any liabilities except for reclamation liabilities.

19. In sum, after an extensive marketing process for the Non-Core Assets, no bids were submitted that contemplated assumption of the WLB Debtors’ employee obligations, including its retiree medical benefits, pension, OPEB, and CBA obligations.

The WLB Debtors’ Core Asset Marketing Process

20. In late October 2018, Centerview began its marketing process for the Core Assets (the “Core Asset Marketing Process”). As part of the Core Asset Marketing Process, Centerview contacted 45 parties, including 33 strategic buyers and 12 financial buyers. 13 parties executed NDAs or had previously executed NDAs as part of the Non-Core Asset Marketing Process, received a CIM, were offered access to a virtual data room, and were offered the opportunity to participate in site visits.

21. On October 18, 2018, the WLB Debtors filed a motion seeking authority to enter into the Stalking Horse Purchase Agreement and to approve bidding procedures with respect to substantially all of the WLB Debtors' assets. Dkt. 208 (“WLB Bidding Procedures Motion”).

22. The key terms of the Stalking Horse Purchase Agreement were outlined in the WLB Debtors' Bidding Procedures Motion. *See* Dkt. 208 at 5-12. Although the Stalking Horse Bid is only for the Core Assets, the bid provides a solution for substantially all of the WLB Debtors' assets, as the Stalking Horse Purchase Agreement includes an agreement by the Stalking Horse Bidder to also accept any of the Non-Core Assets (free and clear of all liabilities not expressly described in the RSA) to the extent a third party has not agreed, prior to the effective date of the Plan, to acquire such Non-Core Assets.

23. With respect to employees, labor, and retiree benefits, the terms of the Stalking Horse Purchase Agreement require that (a) the Bankruptcy Court shall have determined that the WLB Debtors can sell the assets free and clear of the successorship clause in the UMWA CBAs, (b) the UMWA shall have agreed to waive or remove the successorship clause in its CBAs, or (c) the Bankruptcy Court shall have granted a motion filed by the applicable WLB Debtor pursuant to section 1113(c) of the Bankruptcy Code authorizing the WLB Debtor to reject the CBAs. Dkt. 208 at 10. The Stalking Horse Purchase Agreement also requires that the bidder and its affiliates have no obligation to assume or otherwise pay for pension liabilities or those liabilities arising under retiree medical benefit plans, the Black Lung Act, or the Coal Act. *Id.* at 8.

24. The Stalking Horse Purchase Agreement also includes, as a closing condition, that the WLB Debtors file and prevail on motions pursuant to section 1113 and 1114 of the

Bankruptcy Code, terminating or modifying the CBAs and modifying the Retiree Benefits, unless the WLB Debtors secure the agreement of the affected parties to modifications acceptable to the Stalking Horse Bidder. The Stalking Horse Bidder has been clear in its discussions with Centerview and the WLB Debtors that it will not acquire the WLB Debtors' assets in a going-concern sale unless the WLB Debtors are able to terminate the Retiree Benefits and reject the UMWA CBAs (or modify them in a manner that is acceptable to the Ad Hoc Group) with respect to the assets that it is acquiring.

25. On November 15, 2018, this Court entered an order authorizing the WLB Debtors to enter into the "Stalking Horse Purchase Agreement" and approving the bidding procedures for the Core Asset Marketing Process ("Bidding Procedures Order"). Dkt. 519. As outlined in the Bidding Procedures Order, interested parties can submit bids for all of the Core and Non-Core Assets, excluding any Non-Core Assets sold prior to the auction, individual Core and/or Non-Core Assets, or any combinations thereof. Qualified Bids (as defined in the Bidding Procedures) for the Core Assets were due on January 15, 2019, at 5 pm EST. Qualified Bids were required to specify (among other things) the proposed treatment of any employment agreements, collective bargaining agreements, pension obligations and other post-employment benefits.

26. As indicated above, 13 parties executed NDAs in connection with the Core Asset Marketing Process or had previously executed NDAs as part of the Non-Core Asset Marketing Process. Although four of such parties completed site visits with respect to the Core Assets, the WLB Debtors did not receive any Qualified Bids for the Core Assets by the bid deadline or as of the date hereof. The WLB Debtors did receive one non-qualified bid for one of the Core Assets (WRI) but the potential buyer indicated that it would not assume any pre-closing

employee liabilities or pension liabilities. The bid further assumed that the purchaser would enter into a new collective bargaining agreement with the IUOE. Additionally, the WLB Debtors received an indication of interest to acquire all of the WLB Debtors' Core Assets from another party prior to the bid deadline. That party subsequently also submitted a markup of the Stalking Horse APA. While this party did not submit a formal proposal prior to the bid deadline, the indication of interest, in and of itself, did not represent a Qualified Bid as it did not include committed financing, among other requirements of the Bidding Procedures Order. Notably, with respect to employees, labor and retiree benefits, the terms proposed by this party were substantially the same as those included in the Stalking Horse APA.

27. Thus, at this juncture, the only option for the going concern sale of the WLB Debtors' assets requires the termination of the Retiree Benefits and rejection of the UMWA CBAs (or agreement to modified terms acceptable to the Stalking Horse Bidder with respect to the assets that it is acquiring).

Summary of Marketing Processes and the WLB Debtors' Options

28. In sum, despite the WLB Debtors' comprehensive marketing and sale process, no potential purchaser has indicated any willingness to acquire any of the WLB Debtors' assets subject to the terms of the WLB Debtors' current UMWA CBAs or the Retiree Benefits. Indeed, with respect to the Core Assets, the WLB Debtors have received no Qualified Bids other than the Stalking Horse Bid.

29. Absent closing on the Stalking Horse Bid, the WLB Debtors will default on the RSA and their DIP, and will have no further access to capital. Operating the WLB Debtors' businesses requires access to capital. I do not believe that attempting to extend the WLB Debtors' auction process would elicit bids that would assume the UMWA CBAs or the Retiree Benefits on their current terms.

30. All bidders have made clear that their bids are contingent on termination of the Retiree Benefits and rejection (or substantial modification) of the UMWA CBAs. Even those bidders who considered making a bid on the WLB Debtors' assets, but did not actually bid, advised Centerview that they would not be willing to take on these assets subject to the UMWA CBAs or the Retiree Benefits. No bidder has suggested that it might be willing to pay or assume the Retiree Benefits, nor has any bidder been willing to assume the Beulah CBA or the Kemmerer CBA.

Conclusion

31. In sum, at this juncture, the only avenue for avoiding a piecemeal value-destructive liquidation of the WLB Debtors' estates is through a sale of the WLB Debtors' operating assets as a going concern.

32. Absent consensual modification or rejection of the UMWA CBAs and termination of the Retiree Benefits, the WLB Debtors will have no buyer for their assets, and the WLB Debtors will default under their DIP facility by failing to satisfy a crucial milestone. If this occurs, the WLB Debtors will face the very real prospect of an immediate and wholesale liquidation.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct.

Dated: January 16, 2019

/s/ Marc D. Puntus

Marc D. Puntus

Partner

Centerview Partners LLC