UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MISSOURI

In Re:	)	
	)	In Proceedings Under Chapter 11
FARMLAND INDUSTRIES, INC., et al.,	)	Case No. 02-50557-JWV
	)	Joint Administration
Debtors,	)	
	)	
	)	

PSC INDUSTRIAL OUTSOURCING, INC.'S COMBINED OBJECTION TO DEBTOR'S MOTION FOR ORDER (1) APPROVING AUCTION AND BID PROCEDURES; (2) APPROVING BREAK-UP FEE; (3) APPROVING THE FORM AND MANNER OF NOTICE; (4) AUTHORIZING THE SALE OF ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES, SUBJECT TO HIGHER OR BETTER OFFERS; AND (5) APPROVING ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES

PSC Industrial Outsourcing, Inc. (hereinafter "PSC") hereby submits its Objection to the Motion submitted by Farmland Industries, Inc. for sale of the Coffeyville Refinery properties. In support hereof, PSC states as follows:

1. PSC has filed a mechanics' lien against the Coffeyville Refinery and Nitrogen Plant as a result of work performed by PSC prior to the filing of this bankruptcy.

2. PSC objects to the proposed sale based on a lack of adequate protection for interests of PSC and other mechanics' lien holders. Pursuant to 11 U.S.C. §363(e), PSC is entitled to provision for adequate protection of its lien in the property. The Debtor makes no mention of the disposition of the funds obtained from the sale. While the Motion notes that liens will attach to the proceeds of the sale, it does not specifically designate which proceeds will be attached, as the sale contemplates a complex payment scheme of a small amount of cash, and subsequent payments for "working capital" and other elements of value.

3. PSC objects to any sale which lacks provision for the escrow or segregation of funds sufficient to satisfy the claims of the lienholders. The funds subject to escrow should be the first available funds transferred from the sale, and should not be from funds that are to be obtained later in exchange for working capital or other property. This is consistent with the requirements of 11 U.S.C. §363 as the statute allows for adequate protection and the preservation of the rights of lienholders in property sold pursuant to the statute.

WHEREFORE, PSC objects to the Motion of the Debtor for a sale pursuant to 11 U.S.C. §363 due to lack of adequate protection.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the above and foregoing was served upon all persons requesting electronic notification on October 6, 2003.

/s/ Amy E. Bauman
Amy E. Bauman