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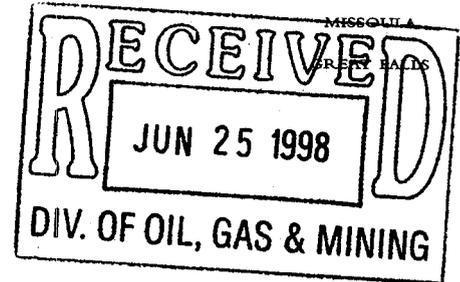
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BILLINGS

June 24, 1998



Pam Grunbaugh-Littig  
State of Utah  
P.O. Box 145801  
1594 West North Temple, Suite 210  
Salt Lake City, UT 84114-5801

Re: Canyon Fuel Company, LLC/Applications for Permit Transfer  
Sufco Mine - ACT/041/002 #2  
Soldier Canyon Mine - ACT 007/018 Copy #2  
Skyline Mine - ACT/007/005 Copy #3  
Dugout Canyon Mine - ACT/007/039 Copy #2  
Banning Loadout - ACT/007/034 Copy #2

*Copy Mary Ann,  
Dorsey, Inc., Pam  
(2-sided)*

Dear Pam:

This letter will confirm our recent conversation regarding the timetable for filing by Canyon Fuel Company, LLC ("CFC"), of changes to Chapter 1 of its existing Mining and Reclamation Plans, "Legal, Compliance, and Related Information," in connection with its Applications for Permit Transfer. As you are aware, representatives of Arch Coal, Inc., ("Arch") initially met with representatives of the Division of Oil, Gas and Mining ("DOG M") in April of this year to discuss their pending purchase of a 65% membership interest in CFC from ARCO Uinta Coal Company, a fully owned subsidiary of the Atlantic Richfield Company. At that time, Arch provided DOGM with a preliminary schedule of Arch's ownership information and structure, together with information regarding other coal mining and reclamation permits held by, and a five-year environmental violation history for, Arch and its affiliates.

The transaction discussed with DOGM in April subsequently closed effective June 1, 1998, with the 65% membership interest in CFC being acquired by Arch Western Resources, LLC, which is in turn owned 99% by Arch Western Acquisition Corporation, a fully owned subsidiary of Arch, and 1% by Delta Housing, Inc., a fully owned subsidiary of the Atlantic Richfield Company. As part of its post-closing responsibilities, Arch and its affiliates will be

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making various filings with the jurisdictional state and federal agencies, including updated statements of qualification or informational filings with the Utah, Colorado and Wyoming state offices of the United States Bureau of Land Management. These filings are due within 90 days of the June 1 execution of the lease transfers. 43 C.F.R. § 3453.2-1. Because of the volume of information required to be provided to DOGM and the fact that much of it is the same as the information required to be provided in the statements of qualification to be provided to the BLM, and because no specific time period is provided for filing this information with DOGM, Arch proposes to file this information within the same 90 day period allowed for the BLM filings.

As we discussed, Arch will provide this information in essentially the same format previously utilized by ARCO following its December 1996 acquisition of the interests of Coastal Corporation, and will contain updated information for both Arch and Itochu Coal International, Inc., the holder of the remaining 35% membership interest in CFC. Because the 1% membership interest in Arch Western Resources, LLC, ultimately held by the Atlantic Richfield Corporation falls below the 10% threshold specified in the regulations for persons owning or controlling an interest in CFC, however, Arch does not intend to file updated information for the ARCO entities other than to describe their holdings in the updated narrative and organizational charts.

Should you require any additional information regarding these applications for permit transfers, please contact either me or Bill Prince at the letterhead address and phone numbers. Your assistance and cooperation in these matters is sincerely appreciated.

Very truly yours,



David K. Detton

DKD/tlc  
cc: Bill Prince