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DORSEY & WHITNEY LLP

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DES MOINES
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COSTA MESA

WELLS FARGO PLAZA
170 SOUTH MAIN STREET, SUITE 925
SALT LAKE CITY, UTAH 84101
TELEPHONE: (801) 350-3581
FAX: (801) 350-3585
WILLIAM B. PRINCE
prince.william@dorseylaw.com

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April 23, 1998

VIA HAND-DELIVERY

RECEIVED
APR 23 1998
DIV. OF OIL, GAS & MINING

Pamela Grubaugh-Littig
Permit Supervisor/Reclamation Engineer
Utah Department of Natural Resources
Utah Division of Oil, Gas & Mining
Mined Land Reclamation Program
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Re: *Change of Ownership and Control of Canyon Fuel Company, LLC*
Mining Reclamation Permits: ACT/041/002; ACT/007/005 ; ACT/007/018; ACT/007/034; PRO/007/039

Copy for #2 for each file.

Dear Pam:

Copy PAM: Dave

Blair Gardner and I appreciated meeting on Tuesday, April 21, 1998, with you and other representatives of the Utah Division of Oil, Gas & Mining ("DOGM") to discuss Arch Coal, Inc.'s ("Arch") acquisition of Atlantic Richfield Company's ("ARCO") interest in Canyon Fuel Company, LLC ("Canyon Fuel"). As you know, Canyon Fuel operates the SUFCO Mine, the Soldier Canyon and Dugout Canyon Mines, and the Skyline Mine, all located in Carbon, Sevier and Emery Counties, Utah. The mines and ancillary operations are subject to the referenced Mining and Reclamation Permits issued by DOGM to conduct coal mining and reclamation operations pursuant to the state program.

Arch will purchase ARCO's 65% membership interest in Canyon Fuel, which is a Delaware limited liability company. The other 35% membership interest is owned by Itochu Energy Company. The membership interest in Canyon Fuel will be held by Arch Western Resources, LLC, a Delaware limited liability company ("AWR"). Arch will own a 99% interest in AWR through Arch Western Acquisition Corporation, a Delaware corporation, and the remaining 1% membership interest will be held by ARCO. The transaction will not result in a name change for Canyon Fuel, which will remain the permitee of the mines, nor will Canyon Fuel's permits be transferred to another entity.

Pursuant to the requirements of U.A.C. R645-303-300 and DOGM's Coal Regulatory Program Directive for permit control changes, Arch submits the following information relating to Arch, its affiliates and subsidiaries:

1. Company names and addresses;

2. Names of officers, directors and owners (current as of 3/9/98);

3. Currently held mining permits (updated 2/25/98);

4. Issued, pending and released mining permits (updated 2/25/98); and

5. Three year violation history.

Performance bonds will be filed under a separate cover letter from Arch.

The transaction is currently scheduled to close sometime in late May. If you have any questions concerning the nature of the transactions or the materials submitted with this letter, or if you need additional information for purposes of the change of ownership and control of Canyon Fuel, please do not hesitate to call me at the Salt Lake City number shown above, or Blair Gardner at (314) 994-2725.

Very truly yours,

William B. Prince

WBP/js
Enclosures
cc: Blair Gardner, Arch Coal, Inc.
Lowell P. Braxton, DOGM Acting Director
Mary Ann Wright, DOGM Acting Deputy Director