

Meritage Midstream and Arch Coal to Form Joint Venture

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Proposed JV Will Develop Crude Oil Terminal at Arch's Black Thunder Mining Complex In Wyoming's Powder River Basin

GOLDEN, Colo. and ST. LOUIS -- May 15, 2013 - [Meritage Midstream Services II, LLC](#) ("Meritage") and [Arch Coal, Inc.](#) (NYSE: ACI) ("Arch") announced today that the companies have executed a letter of intent to create a joint venture. The new entity, to be called Black Thunder Terminal, LLC, will develop a rail terminal to provide crude oil handling, storage, rail loading and marketing services to producers in Wyoming's Powder River Basin and downstream refiners.

Arch will contribute reclaimed land, rail switching and loop and other existing infrastructure assets at its Black Thunder mining complex in Campbell County, Wyoming. Meritage will contribute capital and will build and operate the crude oil terminal on property east of Arch's active operations and located near the basin's crude oil production activity. Meritage will own the majority interest in Black Thunder Terminal, LLC.

Because much of the required rail infrastructure is already in place, early stage crude oil transloading operations from inbound trucks to outbound trains are expected to begin at Black Thunder as early as September 2013. As demand from producers and refiners warrants, the Black Thunder Terminal will have the ability to increase outbound shipping capacity from 10,000 barrels per day in the initial phase to 120,000 barrels of crude oil per day via outbound unit train. Significant acreage is available for further expansions. The terminal will be served by BNSF Railway Company.

"This is an exciting day for both companies as well as the Powder River Basin. With an ideal land position and significant infrastructure already in place at its Black Thunder mine, Arch is the perfect partner for Meritage on this project," said Meritage Midstream chairman and CEO Steve Huckaby. "We're excited this joint venture will provide crude oil producers in the Powder River Basin with the optionality they need to bring their products to multiple markets. This is a natural, common-sense and forward-thinking partnership that will produce a positive outcome for both companies and their customers and investors -- as well as the region and the country."

"We're pleased to welcome Meritage Midstream to the Black Thunder mining complex. This joint venture will allow us to further optimize our assets and unlock the value of our existing infrastructure without any impact to our coal loading operations," said Paul A. Lang, executive vice president and COO of Arch Coal. "This JV is a great fit for Arch. Our Black Thunder complex is ideally situated in the PRB, the required infrastructure and logistics are in place, and we already have a strong working relationship with the Meritage team."

The Powder River Basin is one of the most resource-rich areas of the United States, with massive reserves of coal and crude oil. The U.S. Geological Survey (USGS) estimates that the Powder River Basin contains approximately 1 billion barrels of remaining recoverable oil.

"The Powder River Basin has been the largest coal-producing region in the country for many years and currently accounts for approximately 40 percent of U.S. coal production. Now new drilling technologies are being applied to legacy oil fields in the Basin, allowing operators to expand their drilling programs," Huckaby said. "Approximately 25 rigs are operating in the region, more than 430 horizontal drilling permits were issued in the Powder River Basin in 2012, and 222 have been issued thus far in 2013. What the basin lacks is sufficient pipeline and rail infrastructure at the right location to move crude oil and condensate to the highest value markets."

The proposed joint venture between Arch Coal and Meritage is subject to customary approvals, which the companies expect to receive in three to six months.

About Meritage Midstream Services

Headquartered in Golden, Colo., Meritage Midstream provides oil and gas producers with a full complement of midstream services. Capabilities include the gathering, treating, processing and handling of crude oil, natural gas, natural gas liquids, condensate and produced water. The company's senior management team has more than 200 years of collective experience in the

oil and gas midstream business. Meritage is backed by equity commitments from [Riverstone Holdings LLC](#). For more information visit <http://www.MeritageMidstream.com>

About Arch Coal

U.S.-based Arch Coal, Inc. is one of the world's top coal producers for the global steel and power generation industries, serving customers in 25 countries on five continents. Its network of mining complexes is the most diversified in the United States, spanning every major coal basin in the nation. The company controls a 5.5 billion-ton reserve base of high-quality metallurgical and thermal coals, with access to all major railroads, inland waterways and a growing number of seaborne trade channels. For more information, visit www.archcoal.com.