

Arch Coal Expresses Disappointment with Injunction

March 4, 1999 12:39 PM ET

St. Louis, Missouri – March 4, 1999 - Officials of Arch Coal, Inc. (NYSE:ACI) expressed extreme disappointment in yesterday's Preliminary Injunction issued by U.S. District Court Judge Charles Haden against Arch's Hobet Mining coal mining subsidiary from commencing or continuing any further surface coal mining activities at its new Spruce Fork surface coal mine in southern West Virginia. The Order follows a protracted hearing which Haden commenced after issuing a temporary restraining order on February 3, 1999 in the lawsuit brought by a local environmental group and other residents living in and around Pigeonroost Hollow who are seeking to block further mountain top mining, particularly in southern West Virginia.

"We are both shocked as well as disappointed by the Court's decision, particularly when all federal agencies and the West Virginia Department of Environmental Protection had approved the permits" said Steven F. Leer, President and Chief Executive Officer of Arch Coal in St. Louis. "The Spruce Fork permit complies with Federal and state laws in all respects. As the West Virginia DEP testified, we believe this permit is one of the most detailed, well engineered permit applications ever submitted in West Virginia."

"This decision will result in substantial harm to Dal-Tex, its employees and vendors, as well as to the communities where our people work and live. The Court's characterization of these harms as 'purely temporary economic harms' does not recognize the human impact of this decision."

"In reality, the decision means that a majority of the employees at our Dal-Tex mine have now had their jobs and their very livelihoods cast into serious doubt. We cannot continue to operate the existing Dal-Tex mine at a significant financial loss. We had continued operations, even though clearly uneconomic, during this protracted and painful litigation in the hope and expectation that we would be able to commence construction at Spruce Fork in the immediate future. Yesterday's decision puts in serious doubt the long term viability of the entire mine. In the best case, the timing of permit delays will require substantial and extended layoffs this year. In the worst case, this decision may necessitate the immediate shut down of the mine except for reclamation activity," Leer concluded.

Company officials further said that the litigation is far from over and, in fact, they have already filed a notice of appeal with the U.S. Court of Appeals for the Fourth Circuit. Company officials are now reconsidering specifically what operational steps need to be taken to minimize the impacts of the Court decision. "The possible relocation of mine equipment to other Arch operations either in or outside of West Virginia, the future of the Company's 300 plus employees, and the associated support jobs are issues that must be addressed," Leer added. The Company will be able to meet its existing contractual coal sales obligations from other mines in the East or the West.

"If this decision is not reversed, it is bad news for the people of Logan County, West Virginia, and our employees," said Leer. "It is written so broadly that it places a legal cloud on all large scale mining operations anywhere which require valley fills."

Arch Coal currently employs 2,500 people at its five major mining complexes in West Virginia. In 1998 subsidiaries of the Company produced over 32 million tons of coal in the state. Employee payroll in West Virginia exceeds \$125 million annually.

Arch Coal is the nation's second largest coal producer, with subsidiary operations in West Virginia, Kentucky, Virginia, Illinois, Wyoming, Colorado and Utah. Through these operations, Arch Coal provides the fuel for approximately 6% of the electricity generated in the United States.