

## **Canyon Fuel Company Awarded Lease for Pines Tract**

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St. Louis, Missouri – May 25, 1999 - Arch Coal, Inc. (NYSE:ACI) announced today that Canyon Fuel Company, in which Arch has a 65% ownership interest, has been awarded the federal coal lease for the 7,172-acre Pines Tract. Located in Sevier County, Utah, adjacent to Canyon Fuel's SUFCO mine, the tract contains an estimated 60 million tons of recoverable coal. Canyon Fuel was the only bidder and will pay \$16.9 million for the lease. The Bureau of Land Management has announced that Canyon Fuel's bid meets the agency's standards for fair market value.

"The Pines Tract represents an important addition to Canyon Fuel's reserve base," said Steven F. Leer, Arch Coal's president and chief executive officer. "The new lease greatly extends the life of the highly efficient SUFCO mine and fits well into the existing mine plan at the operation."

Canyon Fuel has made significant investments in the SUFCO operation in recent years. In 1998, Canyon Fuel installed a new, high-capacity longwall system at SUFCO. As a result, production at SUFCO has increased 35% to approximately 5.7 million tons annually. With the addition of the Pines Tract, SUFCO is now operating on a reserve base of around 130 million tons.

"Canyon Fuel is the leading coal producer in Utah," Leer continued. "The acquisition of the Pines Tract greatly enhances the company's ability to serve the long-term needs of its utility customers as we approach the year 2000 and the Phase II requirements of the Clean Air Act."

Canyon Fuel employs approximately 650 people at its three underground mines in Utah. In 1998, the company sold 11.3 million tons of coal. 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.