UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☑ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2009

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from____________________ to__________.

Commission file number: 333-107569-03

Arch Western Resources, LLC

(Exact name of registrant as specified in its charter)

Delaware	**43-1811130**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One CityPlace Drive, Suite 300, St. Louis, Missouri	**63141**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (314) 994-2700

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

At August 14, 2009, the registrant's common equity consisted solely of undenominated membership interests, 99.5% of which were held by Arch Western Acquisition Corporation and 0.5% of which were held by a subsidiary of BP p.l.c.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

Arch Western Resources, LLC and Subsidiaries
Condensed Consolidated Statements of Income
(In thousands)

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
		(unaudited)		
Revenues				
Coal sales	$ 360,806	$ 459,953	$ 777,056	$ 897,162
Costs, expenses and other				
Cost of coal sales	320,295	359,126	681,667	695,849
Depreciation, depletion and amortization	36,361	37,870	74,598	77,526
Selling, general and administrative expenses	7,240	9,333	17,068	16,890
Other operating income, net	(922)	(1,169)	(1,871)	(2,120)
	362,974	405,160	771,462	788,145
Income (loss) from operations	(2,168)	54,793	5,594	109,017
Interest income (expense), net:				
Interest expense	(15,831)	(16,107)	(33,349)	(33,582)
Interest income, primarily from Arch Coal, Inc.	11,566	18,154	23,366	39,999
	(4,265)	2,047	(9,983)	6,417
Net income (loss)	$ (6,433)	$ 56,840	$ (4,389)	$ 115,434
Net income (loss) attributable to redeemable membership interest	$ (35)	$ 274	(42)	548
Net income (loss) attributable to non-redeemable membership interest	$ (6,398)	$ 56,566	$ (4,347)	$ 114,886

The accompanying notes are an integral part of the condensed consolidated financial statements.

Arch Western Resources, LLC and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands)

	June 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,617	$ 2,851
Receivables	2,528	2,930
Inventories	152,831	133,726
Other	22,818	21,617
Total current assets	185,794	161,124
Property, plant and equipment, net	1,378,606	1,391,841
Other assets:		
Receivable from Arch Coal, Inc.	1,467,606	1,528,068
Other	14,996	24,051
Total other assets	1,482,602	1,552,119
Total assets	$ 3,047,002	$ 3,105,084
LIABILITIES AND MEMBERSHIP INTERESTS		
Current liabilities:		
Accounts payable	$ 78,197	$ 113,611
Accrued expenses	130,669	134,540
Commercial paper	38,744	65,671
Total current liabilities	247,610	313,822
Long-term debt	955,465	956,148
Asset retirement obligations	237,458	227,397
Accrued postretirement benefits other than pension	39,370	37,491
Accrued pension benefits	37,517	36,616
Accrued workers' compensation	3,757	3,681
Other noncurrent liabilities	25,590	25,551
Total liabilities	1,546,767	1,600,706
Redeemable membership interest	8,844	8,765
Non-redeemable membership interest	1,491,391	1,495,613
Total liabilities and membership interests	$ 3,047,002	$ 3,105,084

The accompanying notes are an integral part of the condensed consolidated financial statements.

Arch Western Resources, LLC and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended June 30	
	2009	2008
	(unaudited)	
OPERATING ACTIVITIES		
Net income (loss)	$ (4,389)	$ 115,434
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, depletion and amortization	74,598	77,526
Net gain on dispositions of property, plant and equipment	(30)	(337)
Changes in:		
Receivables	402	1,688
Inventories	(19,105)	7,146
Accounts payable and accrued expenses	(18,600)	11,946
Other	22,823	17,823
Cash provided by operating activities	55,699	231,226
INVESTING ACTIVITIES		
Capital expenditures	(85,377)	(171,380)
Change in receivable from Arch Coal, Inc.	60,464	(86,119)
Proceeds from dispositions of property, plant and equipment	30	379
Additions to prepaid royalties	(2,207)	—
Reimbursement of deposits on equipment	3,209	2,455
Cash used in investing activities	(23,881)	(254,665)
FINANCING ACTIVITIES		
Net proceeds from (repayments of) commercial paper	(26,927)	23,616
Debt financing costs	(125)	(219)
Cash provided by (used in) financing activities	(27,052)	23,397
Increase (decrease) in cash and cash equivalents	4,766	(42)
Cash and cash equivalents, beginning of period	2,851	248
Cash and cash equivalents, end of period	$ 7,617	$ 206

The accompanying notes are an integral part of the condensed consolidated financial statements.

Arch Western Resources, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Arch Western Resources, LLC and its subsidiaries and controlled entities (the "Company"). Arch Coal, Inc. ("Arch Coal") has a 99.5% common membership interest in the Company, while BP p.l.c. has a 0.5% common membership interest and a preferred membership interest in the Company. The terms of the Company's membership agreement grant a put right to BP p.l.c., where BP p.l.c. may require Arch Coal to purchase its membership interest. The terms of the agreement state that the price of the membership interest shall be determined by mutual agreement between the members. Intercompany transactions and accounts have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and U.S. Securities and Exchange Commission regulations. In the opinion of management, all adjustments, consisting of normal, recurring accruals considered necessary for a fair presentation, have been included. Results of operations for the three and six month periods ended June 30, 2009 are not necessarily indicative of results to be expected for the year ending December 31, 2009. These financial statements should be read in conjunction with the audited financial statements and related notes as of and for the year ended December 31, 2008 included in Arch Western Resources, LLC's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission.

The Company's management evaluated the period from June 30, 2009 to August 14, 2009 for subsequent events requiring recognition or disclosure in the financial statements. No events that require recognition or disclosure in the financial statements were identified.

2. Accounting Policies

New Accounting Pronouncements

On January 1, 2009, the Company adopted Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51* ("Statement No. 160"). Statement No. 160 requires that a noncontrolling interest (previously referred to as minority interest) be displayed in the consolidated balance sheet as a separate component of equity and the amount of net income attributable to the noncontrolling interest be included in consolidated net income on the face of the consolidated statement of income. A noncontrolling interest is defined in Statement No. 160 as the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent or a parent's affiliates. Arch Coal owns a 35% interest in the Company's subsidiary, Canyon Fuel Company, LLC ("Canyon Fuel"), which was previously presented as a minority interest. The adoption of Statement No. 160 resulted in Arch Coal's interest in Canyon Fuel at December 31, 2008 of $195.4 million, which was previously presented as a minority interest, to be reflected as part of the non-redeemable membership interest on the accompanying condensed consolidated balance sheet. The income allocable to Arch Coal's interest in Canyon Fuel was previously reported as a deduction in arriving at net income. As a result, net income in the accompanying condensed consolidated income statements is $2.0 million and $5.7 million higher for the three and six months ended June 30, 2008, respectively, under Statement No. 160 than was previously reported.

In June 2009, Statement of Financial Accounting Standards No. 165, *Subsequent Events* ("Statement No. 165") became effective. Statement No. 165 describes circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements and requires disclosures related to those events. See Note 1, "Basis of Presentation" above for the subsequent events disclosure required by Statement No. 165.

3. Inventories

Inventories consist of the following:

	June 30, 2009	December 31, 2008
	(In thousands)	
Coal	$ 38,550	$ 26,989
Repair parts and supplies, net of allowance	114,281	106,737
	$ 152,831	$ 133,726

4. Debt

Economic conditions have impacted the Company's ability to issue commercial paper up to the $100.0 million maximum aggregate principal amount of the program. The commercial paper placement program is supported by a line of credit that expires on April 30, 2010.

At June 30, 2009 and December 31, 2008, the fair value of the Company's debt, including amounts classified as current, was $905.6 million and $887.4 million, respectively.

5. Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income. Other comprehensive income items are transactions recorded in membership interests during the year, excluding net income and transactions with members.

The following table details the components of comprehensive income (loss):

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
	(In thousands)			
Net income (loss)	$ (6,433)	$ 56,840	$ (4,389)	$ 115,434
Other comprehensive income:				
Net pension, postretirement and other post-employment benefits adjustments reclassified to income	375	22	293	160
Total comprehensive income (loss)	$ (6,058)	$ 56,862	$ (4,096)	$ 115,594

6. Related Party Transactions

Transactions with Arch Coal may not be at arms length. If the transactions were negotiated with an unrelated party, the impact could be material to the Company's results of operations.

The Company's cash transactions are managed by Arch Coal. Cash paid to or from the Company that is not considered a distribution or a contribution is recorded in an Arch Coal receivable account. In addition, any amounts owed between the Company and Arch Coal are recorded in the account. At both June 30, 2009 and December 31, 2008, the receivable from Arch Coal was $1.5 billion. This amount earns interest from Arch Coal at the prime interest rate. Interest earned on the note was $11.6 million and $18.1 million for the three months ended June 30, 2009 and 2008, respectively, and $23.3 million and $39.9 million for the six months ended June 30, 2009 and 2008, respectively. The receivable is payable on demand by the Company; however, it is currently management's intention to not demand payment of the receivable within the next year. Therefore, the receivable is classified on the accompanying condensed consolidated balance sheets as noncurrent.

The Company is a party to Arch Coal's accounts receivable securitization program. Under the program, the Company sells its receivables to Arch Coal without recourse at a discount based on the prime interest rate and days sales outstanding. During the three months ended June 30, 2009 and 2008, the Company sold $322.5 million and $430.8 million, respectively, of trade accounts receivable to Arch Coal at a total discount of $0.8 million and $1.8 million, respectively. During the six months ended June 30, 2009 and 2008, the Company sold $707.6 million and $843.7 million, respectively, of trade accounts receivable to Arch Coal at a total discount of $1.8 million and $4.1

million, respectively. These transactions are recorded through the Arch Coal receivable account.

For the three month periods ended June 30, 2009 and 2008, the Company incurred production royalties of $9.9 million and $8.7 million, respectively, payable to Arch Coal under sublease agreements. For the six month periods ended June 30, 2009 and 2008, the Company incurred production royalties of $21.2 million and $17.8 million, respectively, payable to Arch Coal under sublease agreements.

The Company is charged selling, general and administrative services fees by Arch Coal. Expenses are allocated based on Arch Coal's best estimates of proportional or incremental costs, whichever is more representative of costs incurred by Arch Coal on behalf of the Company. Amounts allocated to the Company by Arch Coal were $7.2 million and $9.3 million for the three months ended June 30, 2009 and 2008, respectively, and $17.1 million and $16.9 million for the six months ended June 30, 2009 and 2008, respectively.

7. Contingencies

The Company is a party to numerous claims and lawsuits with respect to various matters. The Company provides for costs related to contingencies when a loss is probable and the amount is reasonably estimable. After conferring with counsel, it is the opinion of management that the ultimate resolution of pending claims will not have a material adverse effect on the consolidated financial condition, results of operations or liquidity of the Company.

8. Segment Information

The Company has two reportable business segments, which are based on the major low-sulfur coal basins in which the Company operates. Both of these reportable business segments include a number of mine complexes. The Company manages its coal sales by coal basin, not by individual mine complex. Geology, coal transportation routes to customers, regulatory environments and coal quality are generally consistent within a basin. Accordingly, market and contract pricing have developed by coal basin. Mine operations are evaluated based on their per-ton operating costs (defined as including all mining costs but excluding pass-through transportation expenses), as well as on other non-financial measures, such as safety and environmental performance. The Company's reportable segments are the Powder River Basin (PRB) segment, with operations in Wyoming, and the Western Bituminous (WBIT) segment, with operations in Utah, Colorado and southern Wyoming.

Operating segment results for the three and six month periods ended June 30, 2009 and 2008 are presented below. Results for the operating segments include all direct costs of mining. Corporate, Other and Eliminations includes corporate overhead, other support functions, and the elimination of intercompany transactions.

	PRB	WBIT	Corporate, Other and Eliminations	Consolidated
		(In thousands)		
Three months ended June 30, 2009				
Coal sales	$ 248,785	$ 112,021	$ —	$ 360,806
Income (loss) from operations	9,330	(4,265)	(7,233)	(2,168)
Depreciation, depletion and amortization	17,919	18,442	—	36,361
Capital expenditures	8,092	27,412	—	35,504
Three months ended June 30, 2008				
Coal sales	$ 268,568	$ 191,385	$ —	$ 459,953
Income (loss) from operations	20,262	44,642	(10,111)	54,793
Depreciation, depletion and amortization	18,125	19,745	—	37,870
Capital expenditures	38,385	34,500	—	72,885
Six months ended June 30, 2009				
Coal sales	$ 544,095	$ 232,961	$ —	$ 777,056
Income (loss) from operations	34,722	(11,302)	(17,826)	5,594
Total assets	1,880,823	2,070,520	(904,341)	3,047,002
Depreciation, depletion and amortization	36,745	37,853	—	74,598
Capital expenditures	41,871	43,506	—	85,377
Six months ended June 30, 2008				
Coal sales	$ 544,256	$ 352,906	$ —	$ 897,162
Income (loss) from operations	49,049	78,603	(18,635)	109,017
Total assets	1,763,537	2,032,949	(779,158)	3,017,328
Depreciation, depletion and amortization	36,348	41,178	—	77,526
Capital expenditures	76,562	94,818	—	171,380

A reconciliation of segment income (loss) from operations to consolidated net income (loss) follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
		(In thousands)		
Income (loss) from operations	$ (2,168)	$ 54,793	$ 5,594	$ 109,017
Interest expense	(15,831)	(16,107)	(33,349)	(33,582)
Interest income	11,566	18,154	23,366	39,999
Net income (loss)	$ (6,433)	$ 56,840	$ (4,389)	$ 115,434

9. Supplemental Condensed Consolidating Financial Information

Pursuant to the indenture governing the Arch Western Finance senior notes, certain wholly-owned subsidiaries of the Company have fully and unconditionally guaranteed the senior notes on a joint and several basis. The following tables present unaudited condensed consolidating financial information for (i) the Company, (ii) the issuer of the senior notes (Arch Western Finance, LLC, a wholly-owned subsidiary of the Company), (iii) the Company's wholly-owned subsidiaries (Thunder Basin Coal Company, L.L.C., Mountain Coal Company, L.L.C., and Arch of Wyoming, LLC), on a combined basis, which are guarantors under the Notes, and (iv) its majority owned subsidiary (Canyon Fuel Company, LLC) which is not a guarantor under the Notes:

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
Three Months Ended June 30, 2009
(in thousands)

	Parent Company	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Coal sales	$ —	$ —	$ 283,203	$ 77,603	$ —	$ 360,806
Cost of coal sales	30	—	258,283	62,604	(622)	320,295
Depreciation, depletion and amortization	—	—	24,030	12,331	—	36,361
Selling, general and administrative expenses	7,240	—	—	—	—	7,240
Other operating income, net	(63)	—	(571)	(910)	622	(922)
	7,207	—	281,742	74,025	—	362,974
Income from investment in subsidiaries	6,060	—	—	—	(6,060)	—
Income (loss) from operations	(1,147)	—	1,461	3,578	(6,060)	(2,168)
Interest expense	(16,807)	(16,004)	1,151	(203)	16,032	(15,831)
Interest income	11,521	16,032	2	43	(16,032)	11,566
	(5,286)	28	1,153	(160)	—	(4,265)
Net income (loss)	$ (6,433)	$ 28	$ 2,614	$ 3,418	$ (6,060)	$ (6,433)

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CONDENSED CONSOLIDATING STATEMENTS OF INCOME
Three Months Ended June 30, 2008
(in thousands)

	Parent Company	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Coal sales	$ —	$ —	$ 352,248	$ 107,705	$ —	$ 459,953
Cost of coal sales	824	—	272,046	86,747	(491)	359,126
Depreciation, depletion and amortization	—	—	23,429	14,441	—	37,870
Selling, general and administrative expenses	9,333	—	—	—	—	9,333
Other operating income, net	(46)	—	(889)	(725)	491	(1,169)
	10,111	—	294,586	100,463	—	405,160
Income from investment in subsidiaries	67,366	—	—	—	(67,366)	—
Income from operations	57,255	—	57,662	7,242	(67,366)	54,793
Interest expense	(18,290)	(13,254)	(171)	(424)	16,032	(16,107)
Interest income	17,875	16,032	54	225	(16,032)	18,154
	(415)	2,778	(117)	(199)	—	2,047
Net income	$ 56,840	$ 2,778	$ 57,545	$ 7,043	$ (67,366)	$ 56,840

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
Six Months Ended June 30, 2009
(in thousands)

	Parent Company	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Coal sales	$ —	$ —	$ 609,147	$ 167,909	$ —	$ 777,056
Cost of coal sales	864	—	547,285	134,985	(1,467)	681,667
Depreciation, depletion and amortization	—	—	48,977	25,621	—	74,598
Selling, general and administrative expenses	17,068	—	—	—	—	17,068
Other operating income, net	(132)	—	(1,212)	(1,994)	1,467	(1,871)
	17,800	—	595,050	158,612	—	771,462
Income from investment in subsidiaries	24,139	—	—	—	(24,139)	—
Income from operations	6,339	—	14,097	9,297	(24,139)	5,594
Interest expense	(33,902)	(32,037)	982	(455)	32,063	(33,349)
Interest income	23,174	32,063	29	163	(32,063)	23,366
	(10,728)	26	1,011	(292)	—	(9,983)
Net income (loss)	$ (4,389)	$ 26	$ 15,108	$ 9,005	$ (24,139)	$ (4,389)

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CONDENSED CONSOLIDATING STATEMENTS OF INCOME
Six Months Ended June 30, 2008
(in thousands)

	Parent Company	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Coal sales	$ —	$ —	$ 692,382	$ 204,780	$ —	$ 897,162
Cost of coal sales	1,822	—	538,567	156,582	(1,122)	695,849
Depreciation, depletion and amortization	—	—	46,169	31,357	—	77,526
Selling, general and administrative expenses	16,890	—	—	—	—	16,890
Other operating income, net	(77)	—	(1,664)	(1,501)	1,122	(2,120)
	18,635	—	583,072	186,438	—	788,145
Income from investment in subsidiaries	131,832	—	—	—	(131,832)	—
Income from operations	113,197	—	109,310	18,342	(131,832)	109,017
Interest expense	(37,072)	(27,411)	(276)	(886)	32,063	(33,582)
Interest income	39,309	32,063	142	548	(32,063)	39,999
	2,237	4,652	(134)	(338)	—	6,417
Net income	$ 115,434	$ 4,652	$ 109,176	$ 18,004	$ (131,832)	$ 115,434

CONDENSED CONSOLIDATING BALANCE SHEETS
June 30, 2009
(in thousands)

	Parent Company	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 7,489	$ —	$ 61	$ 67	$ —	$ 7,617
Receivables	565	—	1,399	564	—	2,528
Inventories	—	—	113,305	39,526	—	152,831
Other	6,226	2,146	5,453	8,993	—	22,818
Total current assets	14,280	2,146	120,218	49,150	—	185,794
Property, plant and equipment, net	—	—	1,062,707	315,899	—	1,378,606
Investment in subsidiaries	2,376,858	—	—	—	(2,376,858)	—
Receivable from Arch Coal	1,441,642	—	—	25,964	—	1,467,606
Intercompanies	(2,267,630)	993,470	1,106,492	167,668	—	—
Other	1,414	6,399	2,783	4,400	—	14,996
Total other assets	1,552,284	999,869	1,109,275	198,032	(2,376,858)	1,482,602
Total assets	$ 1,566,564	$ 1,002,015	$ 2,292,200	$ 563,081	$ (2,376,858)	$ 3,047,002
Accounts payable	$ 1,874	$ —	$ 60,571	$ 15,752	$ —	$ 78,197
Accrued expenses	3,692	32,063	85,966	8,948	—	130,669
Commercial paper	38,744	—	—	—	—	38,744
Total current liabilities	44,310	32,063	146,537	24,700	—	247,610
Long-term debt	—	955,465	—	—	—	955,465
Asset retirement obligations	—	—	223,873	13,585	—	237,458
Accrued postretirement benefits other than pension	8,827	—	18,374	12,169	—	39,370
Accrued pension benefits	13,040	—	19,364	5,113	—	37,517
Accrued workers' compensation	(1,350)	—	1,123	3,984	—	3,757
Other noncurrent liabilities	1,502	—	24,072	16	—	25,590
Total liabilities	66,329	987,528	433,343	59,567	—	1,546,767
Redeemable membership interest	8,844	—	—	—	—	8,844
Non-redeemable membership interest	1,491,391	14,487	1,858,857	503,514	(2,376,858)	1,491,391
Total liabilities and membership interests	$ 1,566,564	$ 1,002,015	$ 2,292,200	$ 563,081	$ (2,376,858)	$ 3,047,002

CONDENSED CONSOLIDATING BALANCE SHEETS
December 31, 2008
(in thousands)

	Parent Company	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 2,690	$ —	$ 84	$ 77	$ —	$ 2,851
Receivables	1,250	—	1,138	542	—	2,930
Inventories	—	—	102,216	31,510	—	133,726
Other	10,330	2,154	4,669	4,464	—	21,617
Total current assets	14,270	2,154	108,107	36,593	—	161,124
Property, plant and equipment, net	—	—	1,065,064	326,777	—	1,391,841
Investment in subsidiaries	2,362,717	—	—	—	(2,362,717)	—
Receivable from Arch Coal	1,498,201	—	—	29,867	—	1,528,068
Intercompanies	(2,238,175)	993,048	1,090,674	154,453	—	—
Other	700	7,471	11,474	4,406	—	24,051
Total other assets	1,623,443	1,000,519	1,102,148	188,726	(2,362,717)	1,552,119
Total assets	$ 1,637,713	$ 1,002,673	$ 2,275,319	$ 552,096	$ (2,362,717)	$ 3,105,084
Accounts payable	$ 7,167	$ —	$ 88,938	$ 17,506	$ —	$ 113,611
Accrued expenses	4,293	32,063	90,605	7,579	—	134,540
Commercial paper	65,671	—	—	—	—	65,671
Total current liabilities	77,131	32,063	179,543	25,085	—	313,822
Long-term debt	—	956,148	—	—	—	956,148
Asset retirement obligations	—	—	214,388	13,009	—	227,397
Accrued postretirement benefits other than pension	23,492	—	2,485	11,514	—	37,491
Accrued pension benefits	32,671	—	—	3,945	—	36,616
Accrued workers' compensation	(1,045)	—	642	4,084	—	3,681
Other noncurrent liabilities	1,086	—	24,465	—	—	25,551
Total liabilities	133,335	988,211	421,523	57,637	—	1,600,706
Redeemable membership interest	8,765	—	—	—	—	8,765
Non-redeemable membership interest	1,495,613	14,462	1,853,796	494,459	(2,362,717)	1,495,613
Total liabilities and membership interests	$ 1,637,713	$ 1,002,673	$ 2,275,319	$ 552,096	$ (2,362,717)	$ 3,105,084

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
Six Months Ended June 30, 2009
(in thousands)

	Parent Company	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Cash provided by (used in) operating activities	$ (54,165)	$ 422	$ 85,110	$ 24,332	$ 55,699
Investing Activities					
Capital expenditures	—	—	(70,322)	(15,055)	(85,377)
Change in receivable from Arch Coal	56,561	—	—	3,903	60,464
Proceeds from dispositions of property, plant and equipment	—	—	5	25	30
Additions to prepaid royalties	—	—	(2,207)	—	(2,207)
Reimbursement of deposits on equipment	—	—	3,209	—	3,209
Cash provided by (used in) investing activities	56,561	—	(69,315)	(11,127)	(23,881)
Financing Activities					
Net payments on commercial paper	(26,927)	—	—	—	(26,927)
Debt financing costs	(125)	—	—	—	(125)
Transactions with affiliates, net	29,455	(422)	(15,818)	(13,215)	—
Cash provided by (used in) financing activities	2,403	(422)	(15,818)	(13,215)	(27,052)
Increase (decrease) in cash and cash equivalents	4,799	—	(23)	(10)	4,766
Cash and cash equivalents, beginning of period	2,690	—	84	77	2,851
Cash and cash equivalents, end of period	$ 7,489	$ —	$ 61	$ 67	$ 7,617

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
Six Months Ended June 30, 2008
(in thousands)

	Parent Company	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Cash provided by operating activities	$ 49,042	$ 5,049	$ 116,216	$ 60,919	$ 231,226
Investing Activities					
Capital expenditures	—	—	(160,219)	(11,161)	(171,380)
Increase in receivable from Arch Coal	(81,770)	—	(112)	(4,237)	(86,119)
Proceeds from dispositions of property, plant and equipment	—	—	356	23	379
Reimbursement of deposits on equipment	—	—	2,455	—	2,455
Cash used in investing activities	(81,770)	—	(157,520)	(15,375)	(254,665)
Financing Activities					
Net proceeds from commercial paper	23,616	—	—	—	23,616
Debt financing costs	(219)	—	—	—	(219)
Transactions with affiliates, net	9,291	(5,049)	41,306	(45,548)	—
Cash provided by (used in) financing activities	32,688	(5,049)	41,306	(45,548)	23,397
Increase (decrease) in cash and cash equivalents	(40)	—	2	(4)	(42)
Cash and cash equivalents, beginning of period	78	—	16	154	248
Cash and cash equivalents, end of period	$ 38	$ —	$ 18	$ 150	$ 206

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This document contains "forward-looking statements" — that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties arise from changes in the demand for our coal by the domestic electric generation industry; from legislation and regulations relating to the Clean Air Act and other environmental initiatives; from operational, geological, permit, labor and weather-related factors; from fluctuations in the amount of cash we generate from operations; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. For a description of some of the risks and uncertainties that may affect our future results, see "Risk Factors" under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008 and under Part III, Item 1A of this report.

Overview

We are a subsidiary of Arch Coal, Inc., one of the largest coal producers in the United States. Our two reportable business segments are based on the low-sulfur U.S. coal producing regions in which we operate — the Powder River Basin and the Western Bituminous region. These geographically distinct areas are characterized by geology, coal transportation routes to consumers, regulatory environments and coal quality. These regional similarities have caused market and contract pricing environments to develop by coal region and form the basis for the segmentation of our operations.

The Powder River Basin is located in northeastern Wyoming and southeastern Montana. The coal we mine from surface operations in this region has a very low sulfur content and a low heat value compared to the other region in which we operate. The price of Powder River Basin coal is generally less than that of coal produced in other regions because Powder River Basin coal exists in greater abundance, is easier to mine and thus has a lower cost of production. In addition, Powder River Basin coal is generally lower in heat value, which requires some electric power generation facilities to blend it with higher Btu coal or retrofit some existing coal plants to accommodate lower Btu coal. The Western Bituminous region includes western Colorado, eastern Utah and southern Wyoming. Coal we mine from underground and surface mines in this region typically has a low sulfur content and varies in heat value.

We estimate that year-to-date U.S. power generation has declined approximately 4.2% through the third week of July 2009 in response to weak domestic and international economic conditions. U.S. coal consumption has declined significantly, primarily as a result of weak industrial demand in geographic regions that traditionally rely more heavily on coal-fueled electricity generation caused by the current U.S. economic recession. As a result of these market pressures, coupled with continued geological challenges in certain regions, cost pressures, regulatory hurdles and limited access to capital, we expect that coal production and capital spending across the domestic coal industry have been, and will continue to be, curtailed. In response to weakened demand caused by challenging domestic and international economic conditions, we have curtailed production in both operating regions. In the Powder River Basin, we idled a second dragline and associated equipment in the second quarter of 2009. In the Western Bituminous region, we reduced production at our West Elk mine in response to declining demand from power generation and industrial customers for Western Bituminous coal and elevated levels of lower-quality, mid-ash coal currently being produced at the mine resulting from intermittent sandstone intrusions. As a result of the curtailment, we have laid off 61 employees, discontinued the use of 38 contractors and plan to reduce production by more than 2.5 million tons at the West Elk mining complex in 2009.

Results of Operations

Three Months Ended June 30, 2009 Compared to Three Months Ended June 30, 2008

Summary. Our results during the second quarter of 2009 when compared to the second quarter of 2008 were influenced primarily by lower sales volumes due to weak market conditions and more production days spent in longwall moves.

Revenues. The following table summarizes information about coal sales during the three months ended June 30, 2009 and compares it with the information for the three months ended June 30, 2008:

	Three Months Ended June 30		Decrease	
	2009	2008	Amount	%
	(Amounts in thousands, except per ton data and percentages)			
Coal sales	$360,806	$459,953	$(99,147)	(21.6)%
Tons sold	23,649	29,692	(6,043)	(20.4)%
Coal sales realization per ton sold	$ 15.26	$ 15.49	$ (0.23)	(1.5)%

Coal sales decreased in the second quarter of 2009 from the second quarter of 2008 due to lower sales volumes in both segments and the effect of the regional sales mix. We have provided more information about the tons sold and the coal sales realizations per ton by operating segment under the heading "Operating segment results" below.

Costs, expenses and other. The following table summarizes costs, expenses and other components of operating income for the three months ended June 30, 2009 and compares them with the information for the three months ended June 30, 2008:

	Three Months Ended June 30		Increase (Decrease) in Net Income	
	2009	2008	$	%
	(Amounts in thousands, except percentages)			
Cost of coal sales	$ 320,295	$ 359,126	$ 38,831	10.8%
Depreciation, depletion and amortization	36,361	37,870	1,509	4.0
Selling, general and administrative expenses	7,240	9,333	2,093	22.4
Other operating income, net	(922)	(1,169)	(247)	(21.1)
	$ 362,974	$ 405,160	$ 42,186	10.4%

Cost of coal sales. Our cost of coal sales decreased in the second quarter of 2009 from the second quarter of 2008 due primarily to the lower sales volumes in both operating segments. We have provided more information about our operating segments' sales and profitability under the heading "Operating segment results" below.

Depreciation, depletion and amortization. When compared with the second quarter of 2008, lower depreciation, depletion and amortization costs in the second quarter of 2009 resulted from the impact of lower volume levels on depletion and amortization costs calculated on a units-of-production method.

Selling, general and administrative expenses. Selling, general and administrative expenses represent expenses allocated to us from Arch Coal. Expenses are allocated based on Arch Coal's best estimates of proportional or incremental costs, whichever is more representative of costs incurred by Arch Coal on our behalf.

Operating segment results. The following table shows results by operating segment for the three months ended June 30, 2009 and compares it with information for the three months ended June 30, 2008:

	Three Months Ended June 30		Increase (Decrease)	
	2009	2008	$	%
Powder River Basin				
Tons sold (in thousands)	20,176	24,077	(3,901)	(16.2)%
Coal sales realization per ton sold (1)	$ 12.28	$ 11.12	$ 1.16	10.4%
Operating margin per ton sold (2)	$ 0.43	$ 0.81	$ (0.38)	(46.9)%
Western Bituminous				
Tons sold (in thousands)	3,473	5,615	(2,142)	(38.1)%
Coal sales realization per ton sold (1)	$ 29.93	$ 29.93	$ —	—%
Operating margin per ton sold (2)	$ (1.51)	$ 7.78	$ (9.29)	(119.4)%

(1) Coal sales prices per ton exclude certain transportation costs that we pass through to our customers. We use these financial measures because we believe the amounts as adjusted better represent the coal sales prices we achieved within our operating segments. Since other companies may calculate coal sales prices per ton differently, our calculation may not be comparable to similarly titled measures used by those companies. For the three months ended June 30, 2009, transportation costs per ton were $0.05 for the Powder River Basin and $2.32 for the Western Bituminous region. For the three months ended June 30, 2008, transportation costs were $0.03 for the Powder River Basin and $4.16 for the Western Bituminous region.

(2) Operating margin per ton sold is calculated as coal sales revenues less cost of coal sales and depreciation, depletion and amortization divided by tons sold.

Powder River Basin — The decrease in sales volume in the Powder River Basin in the second quarter of 2009 when compared with the second quarter of 2008 is due to weak market conditions. At the Black Thunder mining complex, in response to these conditions, we reduced production and idled one dragline in the fourth quarter of 2008 and another dragline in May 2009, along with related equipment. Increases in sales prices during the second quarter of 2009 when compared with the second quarter of 2008 primarily reflect higher pricing from contracts committed during 2008, when market conditions were more favorable, partially offset by the effect of lower pricing on market-index priced tons. On a per-ton basis, operating margins in the second quarter of 2009 decreased from the second quarter of 2008 due to an increase in per-ton costs, which more than offset the contribution from higher sales prices. The increase in per-ton costs, despite our cost containment efforts, resulted primarily from the effect of spreading fixed costs over lower volume levels.

Western Bituminous — In the Western Bituminous region, we sold fewer tons in the second quarter of 2009 than in the second quarter of 2008 due to more production days spent in longwall moves in 2009 as well as quality issues at the West Elk mining complex. We have encountered sandstone intrusions at the West Elk mining complex that have resulted in a higher ash content in the coal produced, and declining coal demand has had an impact on our efforts to market this coal. As a result of the weak market demand for this coal, we have reduced our production levels at the mine. To address any ongoing quality issues, we plan to build a preparation plant at the mine by mid-2010, with estimated capital costs of $25 million to $30 million. The detrimental impact on our per-ton realizations of selling coal with a higher ash content offset the beneficial impact of the roll-off of lower-priced legacy contracts in 2008. Lower per-ton operating margins in the second quarter of 2009 were the result of the West Elk quality issues and lower production levels.

Net interest expense. The following table summarizes our net interest expense for the three months ended June 30, 2009 and compares it with the information for the three months ended June 30, 2008:

	Three Months Ended June 30		Increase (Decrease) in Net Income	
	2009	2008	$	%
	(Amounts in thousands, except percentages)			
Interest expense	$ (15,831)	$ (16,107)	$ 276	1.7%
Interest income	11,566	18,154	(6,588)	(36.3)%
	$ (4,265)	$ 2,047	$ (6,312)	(308.4)%

Interest expense consists of interest on our 6.75% senior notes, the discount on trade accounts receivable sold to Arch Coal under Arch Coal's accounts receivable securitization program and interest on our commercial paper.

Our cash transactions are managed by Arch Coal. Cash paid to or from us that is not considered a distribution or a contribution is recorded as a receivable from Arch Coal. The receivable balance earns interest from Arch Coal at the prime interest rate. The decrease in interest income results primarily from a lower prime interest rate during the three months ended June 30, 2009 as compared to the three months ended June 30, 2008.

Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2008

Summary. Our results during the first half of 2009 when compared to the first half of 2008 were influenced primarily by lower sales volumes due to weak market conditions and more production days spent in longwall moves.

Revenues. The following table summarizes information about coal sales during the six months ended June 30, 2009 and compares it with the information for the six months ended June 30, 2008:

	Six Months Ended June 30		Decrease	
	2009	2008	Amount	%
	(Amounts in thousands, except per ton data and percentages)			
Coal sales	$777,056	$897,162	$(120,106)	(13.4)%
Tons sold	49,905	59,878	(9,973)	(16.7)%
Coal sales realization per ton sold	$ 15.57	$ 14.98	$ 0.59	3.9%

Coal sales decreased in the first half of 2009 from the first half of 2008 due to lower sales volumes in both segments partially offset by the effect of higher price realizations in both segments. We have provided more information about the tons sold and the coal sales realizations per ton by operating segment under the heading

"Operating segment results" below.

Costs, expenses and other. The following table summarizes costs, expenses and other components of operating income for the six months ended June 30, 2009 and compares them with the information for the six months ended June 30, 2008:

	Six Months Ended June 30		Increase (Decrease) in Net Income	
	2009	2008	$	%
	(Amounts in thousands, except percentages)			
Cost of coal sales	$ 681,667	$ 695,849	$ 14,182	2.0%
Depreciation, depletion and amortization	74,598	77,526	2,928	3.8
Selling, general and administrative expenses	17,068	16,890	(178)	(1.1)
Other operating income, net	(1,871)	(2,120)	(249)	(11.7)
	$ 771,462	$ 788,145	$ 16,683	2.1%

Cost of coal sales. Our cost of coal sales decreased in the first half of 2009 from the first half of 2008 due primarily to the lower sales volumes in both operating segments. We have provided more information about our operating segments' sales and profitability under the heading "Operating segment results" below.

Depreciation, depletion and amortization. When compared with the six months ended June 30, 2008, lower depreciation, depletion and amortization costs in the six months ended June 30, 2009 resulted from the impact of lower volume levels on depletion and amortization costs calculated on a units-of-production method.

Selling, general and administrative expenses. Selling, general and administrative expenses represent expenses allocated to us from Arch Coal. Expenses are allocated based on Arch Coal's best estimates of proportional or incremental costs, whichever is more representative of costs incurred by Arch Coal on our behalf.

Operating segment results. The following table shows results by operating segment for the six months ended June 30, 2009 and compares it with information for the six months ended June 30, 2008:

	Six Months Ended June 30		Increase (Decrease)	
	2009	2008	$	%
Powder River Basin				
Tons sold (in thousands)	42,533	49,229	(6,696)	(13.6)%
Coal sales realization per ton sold (3)	$ 12.66	$ 11.01	$ 1.65	15.0%
Operating margin per ton sold (4)	$ 0.79	$ 0.97	$ (0.18)	(18.6)%
Western Bituminous				
Tons sold (in thousands)	7,372	10,649	(3,277)	(30.8)%
Coal sales realization per ton sold (3)	$ 28.96	$ 28.42	$ 0.54	1.9%
Operating margin per ton sold (4)	$ (1.82)	$ 7.22	$ (9.04)	(125.2)%

(3) Coal sales prices per ton exclude certain transportation costs that we pass through to our customers. We use these financial measures because we believe the amounts as adjusted better represent the coal sales prices we achieved within our operating segments. Since other companies may calculate coal sales prices per ton differently, our calculation may not be comparable to similarly titled measures used by those companies. For the six months ended June 30, 2009, transportation costs per ton were $0.13 for the Powder River Basin and $2.64 for the Western Bituminous region. For the six months ended June 30, 2008, transportation costs were $0.04 for the Powder River Basin and $4.72 for the Western Bituminous region.

(4) Operating margin per ton sold is calculated as coal sales revenues less cost of coal sales and depreciation, depletion and amortization divided by tons sold.

Powder River Basin —The decrease in sales volume in the Powder River Basin in 2009 when compared with 2008 is due to weak market conditions. At the Black Thunder mining complex, in response to these conditions, we reduced production and idled one dragline in the fourth quarter of 2008 and another dragline in May 2009, along with related equipment. Increases in sales prices during 2009 when compared with 2008 primarily reflect higher pricing from contracts committed during 2008, when market conditions were more favorable, partially offset by the effect of lower pricing on market-index priced tons. On a per-ton basis, operating margins in 2009 decreased from 2008 due to an increase in per-ton costs, which more than offset the contribution from higher sales prices. The increase in per-ton costs, despite our cost containment efforts, resulted primarily from the effect of spreading fixed costs over lower volume levels and higher labor, repairs and maintenance costs.

Western Bituminous — In the Western Bituminous region, we sold fewer tons in 2009 than in 2008 due to more production days spent in longwall moves in 2009 as well as quality issues at the West Elk mining complex. We have encountered sandstone intrusions at the West Elk mining complex that have resulted in a higher ash content in the coal produced, and declining coal demand has had an impact on our efforts to market this coal. As a result of the weak market demand for this coal, we have reduced our production levels at the mine. To address any ongoing quality issues at the mine, we plan to build a preparation plant at the mine by mid-2010, with estimated capital costs of $25 million to $30 million. The detrimental impact on our per-ton realizations of selling coal with a higher ash content offset the beneficial impact of the roll-off of lower-priced legacy contracts in 2008. Lower per-ton operating margins during the first half of 2009 were the result of the West Elk quality issues and the lower production levels.

Net interest expense. The following table summarizes our net interest expense for the six months ended June 30, 2009 and compares it with the information for the six months ended June 30, 2008:

	Six Months Ended June 30		Increase (Decrease) in Net Income	
	2009	2008	$	%
	(Amounts in thousands, except percentages)			
Interest expense	$ (33,349)	$ (33,582)	$ 233	0.7%
Interest income	23,366	39,999	(16,633)	(41.6)%
	$ (9,983)	$ 6,417	$ (16,400)	(255.6)%

Interest expense consists of interest on our 6.75% senior notes, the discount on trade accounts receivable sold to Arch Coal under Arch Coal's accounts receivable securitization program and interest on our commercial paper.

Our cash transactions are managed by Arch Coal. Cash paid to or from us that is not considered a distribution or a contribution is recorded as a receivable from Arch Coal. The receivable balance earns interest from Arch Coal at the prime interest rate. The decrease in interest income results primarily from a lower prime interest rate during the six months ended June 30, 2009 as compared to the six months ended June 30, 2008.

Liquidity and Capital Resources

Credit crisis and economic environment

The crisis in domestic and international financial markets has had a significant adverse impact on a number of financial institutions. Since the beginning of the crisis, our ability to issue commercial paper up to the maximum amount allowed under the program has been constrained. The ongoing uncertainty in the financial markets may have an impact in the future on: the market values of certain securities and commodities; the financial stability of our customers and counterparties; and the cost and availability of insurance and financial surety programs, among others. At this point in time, however, our liquidity has not been materially affected. While we expect that our ability to issue commercial paper will continue to be affected by the current credit markets, we believe we have sufficient liquidity, as supported by Arch Coal's credit facilities, to satisfy working capital requirements and fund capital expenditures, if needed. Management will continue to closely monitor our liquidity, credit markets and counterparty credit risk. Management cannot predict with any certainty the impact to our liquidity of any further disruption in the credit environment.

Liquidity and capital resources

Our primary sources of cash include sales of our coal production to customers, our commercial paper program and debt related to significant transactions. Excluding any significant acquisitions, we generally satisfy our working capital requirements and fund capital expenditures and debt-service obligations with cash generated from operations and, if necessary, cash from Arch Coal. Arch Coal manages our cash transactions. Cash paid to or from us that is not considered a distribution or a contribution is recorded in an Arch Coal receivable account. The receivable balance earns interest from Arch Coal at the prime interest rate. We are also party to Arch Coal's accounts receivable securitization program. Under the program, we sell our receivables to a subsidiary of Arch Coal without recourse at a discount based on the prime rate and days sales outstanding.

We believe that cash generated from operations will be sufficient to meet working capital requirements, anticipated capital expenditures and scheduled debt payments for at least the next several years. We manage our exposure to changing commodity prices for our long-term coal contract portfolio through the use of long-term coal supply agreements. We enter into fixed price, fixed volume supply contracts with terms generally greater than one year with customers with whom we have historically had limited collection issues. Our ability to satisfy debt service obligations, to fund planned capital expenditures and to make acquisitions will depend upon our future operating performance, which will be affected by prevailing economic conditions in the coal industry and financial, business and other factors, some of which are beyond our control.

We had commercial paper outstanding of $38.7 million at June 30, 2009 and $65.7 million at December 31, 2008. Our commercial paper placement program provides short-term financing at rates that are generally lower than the rates available under Arch Coal's revolving credit facility. Under the program, as amended, we may sell up to $100.0 million in interest-bearing or discounted short-term unsecured debt obligations with maturities of no more than 270 days. The commercial paper placement program is supported by a revolving credit facility that is subject to renewal annually with a maturity date of April 30, 2010. The current credit market has affected our ability to issue commercial paper up to the maximum amount allowed under the program, but we believe that our cash from operations is sufficient to satisfy our liquidity needs.

During the six months ended June 30, 2009, we sold $707.6 million of trade accounts receivable to Arch Coal at a total discount of $1.8 million.

Our subsidiary, Arch Western Finance LLC, has outstanding an aggregate principal amount of $950.0 million of 6.75% senior notes due on July 1, 2013. The senior notes are guaranteed by certain of our subsidiaries and are secured by our intercompany note to Arch Coal. The indenture under which the senior notes were issued contains certain restrictive covenants that limit our ability to, among other things, incur additional debt, sell or transfer assets and make certain investments.

The following is a summary of cash provided by or used in each of the indicated types of activities:

	Six Months Ended June 30	
	2009	2008
	(in thousands)	
Cash provided by (used in):		
Operating activities	$ 55,699	$ 231,226
Investing activities	(23,881)	(254,665)
Financing activities	(27,052)	23,397

Cash provided by operating activities decreased $175.5 million in the first half of 2009 compared to the first half of 2008, primarily as a result of a decrease in our profitability in 2009.

Cash used in investing activities for the first half of 2009 was $230.8 million less than was used in investing activities for the first half of 2008. Our capital expenditures were $85.4 million during the first half of 2009, $86.0 million less than we spent during the first half of 2008. During the first six months of 2009, we spent approximately $19.0 million on additional longwall equipment at the West Elk mining complex in Colorado and approximately $38.0 million on a new shovel and haul trucks at the Black Thunder mine in Wyoming. During the first six months of 2008, we spent approximately $60.0 million on the construction of the loadout facility at our Black Thunder mine in Wyoming and approximately $85.0 million for the transition to the new reserve area at our West Elk mining complex. We completed the work on the loadout facility and transitioned to the new seam at West Elk in the fourth quarter of 2008. In addition, the receivable from Arch Coal decreased approximately $60.5 million in the first six months of 2009 compared with a $171.4 million increase in the first six months of 2008.

Cash used in financing activities was $27.1 million during the first six months of 2009 compared to cash provided by financing activities of $23.4 million during the first six months of 2008, primarily the result of net payments made on commercial paper in 2009. During the first half of 2008, the maximum aggregate principal amount under the commercial paper program was increased from $75.0 million to $100.0 million. As discussed previously, the current credit market has affected our ability to issue commercial paper up to the maximum amount allowed under the program.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

In addition to the other quantitative and qualitative disclosures about market risk contained in this report, you should see Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2008. There have been no other material changes in our exposure to market risk since December 31, 2008.

Item 4T. Controls and Procedures.

We performed an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2009. Based on that evaluation, our management, including our chief executive officer and chief financial officer, concluded that the disclosure controls and procedures were effective as of such date. There were no changes in internal control over financial reporting that occurred during our fiscal quarter ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in various claims and legal actions in the ordinary course of business. In the opinion of management, the outcome of such ordinary course of business proceedings and litigation currently pending will not have a material adverse effect on our results of operations or financial results.

You should see Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2008 for more information about some of the proceedings and litigation in which we are involved.

Item 1A. Risk Factors.

Our business inherently involves certain risks and uncertainties. The risks and uncertainties described in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008 are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. Should one or more of any of these risks materialize, our business, financial condition, results of operations or liquidity could be materially adversely affected.

Certain of our customers have deferred, and other customers may in the future seek to defer, contracted shipments of coal, which could affect our results of operations and liquidity.

As the ongoing global economic recession has caused the price of, and demand for, coal to decline, certain of our thermal and metallurgical coal customers have delayed shipments, or requested deferrals, pursuant to our existing long-term coal supply agreements. Other customers similarly may seek to delay shipments or request deferrals under existing agreements. In the current economic environment, the spot market for coal may not provide an acceptable alternative to sell our uncommitted tons. We currently are evaluating customer deferrals and are in negotiations with a number of the customers that have made such requests. There is no assurance that we will be able to resolve existing and potential deferrals on favorable terms, or at all.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibits filed as part of this Quarterly Report on Form 10-Q are as follows:

Exhibit	Description
3.1	Certificate of Formation (incorporated herein by reference to Exhibit 3.3 to the Form S-4 (File No. 333-107569) filed on August 1, 2003 by Arch Western Finance, LLC, Arch Western Resources, LLC, Arch of Wyoming, LLC, Mountain Coal Company, L.L.C., and Thunder Basin Coal Company, L.L.C.).
3.2	Limited Liability Company Agreement (incorporated herein by reference to Exhibit 3.4 to the Form S-4 (File No. 333-107569) filed on August 1, 2003 by Arch Western Finance, LLC, Arch Western Resources, LLC, Arch of Wyoming, LLC, Mountain Coal Company, L.L.C., and Thunder Basin Coal Company, L.L.C.).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Paul A. Lang.
31.2	Rule 13a-14(a)/15d-14(a) Certification of John T. Drexler.
32.1	Section 1350 Certification of Paul A. Lang.
32.2	Section 1350 Certification of John T. Drexler.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Arch Western Resources, LLC

By: /s/ John T. Drexler
John T. Drexler
Vice President

August 14, 2009

Exhibit 31.1

Certification

I, Paul A. Lang, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arch Western Resources, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Paul A. Lang
Paul A. Lang
President

Date: August 14, 2009

Exhibit 31.2

Certification

I, John T. Drexler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arch Western Resources, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John T. Drexler
John T. Drexler
Vice President

Date: August 14, 2009

Exhibit 32.1

Certification of Periodic Financial Reports

I, Paul A. Lang, President of Arch Western Resources, LLC, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Arch Western Resources, LLC.

/s/ Paul A. Lang

Paul A. Lang
President

Date: August 14, 2009

Exhibit 32.2

Certification of Periodic Financial Reports

I, John T. Drexler, Vice President of Arch Western Resources, LLC, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009 (the “Periodic Report”) which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Arch Western Resources, LLC.

/s/ John T. Drexler

John T. Drexler
Vice President

Date: August 14, 2009