

## Arch Coal, Inc. Successful Bidder for Federal Coal Lease in Powder River Basin

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St. Louis - (September 22, 2004) - Arch Coal, Inc. (NYSE:ACI) today announced that it was the successful bidder for a 5,084-acre federal coal lease known as Little Thunder in Wyoming's Powder River Basin. Arch bid \$611 million for the lease, which is located adjacent to the company's Black Thunder mine. According to the U.S. Bureau of Land Management (BLM), the lease contains approximately 719 million mineable tons of high Btu, low sulfur coal. The BLM has confirmed that the bid meets the agency's fair market value requirements.

"We view the addition of the high quality, super-compliance Little Thunder reserves as an important strategic investment in our future," said Steven F. Leer, Arch's president and chief executive officer. "Over the past 15 years, demand for Powder River Basin coal has grown robustly at a compound average rate of approximately 6% a year. The addition of these reserves directly west of our existing operations will support continued low-cost production at Black Thunder for many years to come, while at the same time serving as a strategic platform for future growth."

Arch's PRB reserves now total 2.2 billion tons, including 1.6 billion tons that are mineable by the company's Black Thunder mine, which is located 50 miles south of Gillette, Wyoming. Black Thunder - into which the recently acquired North Rochelle mine has now been integrated - is one of the largest and most productive coal mining operations in the world. The expanded Black Thunder mine had coal sales of approximately 88.1 million tons on a pro forma basis in 2003.

Earlier today Arch made the first of five equal annual payments of \$122.2 million on the reserve tract. Arch financed the initial payment using available capacity under its existing revolving credit facility.

St. Louis-based Arch Coal is the nation's second largest coal producer, with subsidiary operations in West Virginia, Kentucky, Virginia, Wyoming, Colorado and Utah. Through these operations, Arch Coal provides the fuel for approximately 7% of the electricity generated in the United States.

**Forward-Looking Statements:** Statements in this press release which are not statements of historical fact are forward-looking statements within the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on information currently available to, and expectations and assumptions deemed reasonable by, the company. Because these forward-looking statements are subject to various risks and uncertainties, actual results may differ materially from those projected in the statements. These expectations, assumptions and uncertainties include: the company's expectation of continued growth in the demand for electricity; belief that legislation and regulations relating to the Clean Air Act and the relatively higher costs of competing fuels will increase demand for its compliance and low-sulfur coal; expectation of continued improved market conditions for the price of coal; expectation that the company will continue to have adequate liquidity from its cash flow from operations, together with available borrowings under its credit facilities, to finance the company's working capital needs; a variety of operational, geologic, permitting, labor and weather related factors; and the other risks and uncertainties which are described from time to time in the company's reports filed with the Securities and Exchange Commission.