

## Arch Coal Winning Bidder for South Hilight Coal Lease

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ST. LOUIS, Dec. 14, 2011 -- Arch Coal, Inc. (NYSE:ACI) today announced that it was the successful bidder for a federal coal lease known as the South Hilight tract in the southern Powder River Basin (PRB). Arch bid \$1.35 per ton for the 1,977 acre tract, which contains an estimated 222 million tons of minable coal reserves in Campbell County, Wyo.

South Hilight is contiguous to Arch's Black Thunder mine and contains some of the highest quality coal in the southern PRB, with an average heat content of more than 9,000 Btus per pound and an ultra-low sulfur dioxide content of less than 0.55 pounds per million Btus, according to Arch analysis.

"Because of their very high quality, the South Hilight reserves are exceptionally well positioned to serve both the growing export market and expanding domestic demand for ultra-low-sulfur coals," said Steven F. Leer, Arch's chairman and CEO. "Black Thunder is already producing the highest-Btu coal in the southern PRB, and the addition of the South Hilight reserves should extend that quality advantage still further over time."

Shipped tons from Black Thunder have averaged close to 8,900 Btus per pound year-to-date in 2011, compared to an average of less than 8,600 Btus per pound for all other mines in the southern PRB, according to Energy Information Administration data. In 2010, Black Thunder produced 116.2 million tons of coal from an assigned reserve base that totaled 1.4 billion tons at Dec. 31, 2010.

The U.S. Bureau of Land Management (BLM) has determined that Arch's bid meets the agency's fair market standards. The \$300 million bid amount will be paid in five installments of \$60 million each, with the first installment paid immediately.

Arch will begin pursuing the necessary permits for South Hilight right away, with the goal of integrating the new lease into the existing mine plan at Black Thunder. Arch has no current plans to expand production at the Black Thunder operation.

U.S.-based Arch Coal is a top five global coal producer and marketer, with 179 million tons of coal sold pro forma in 2010. Arch is the most diversified American coal company, with mining complexes across every major U.S. coal supply basin. Its core business is supplying cleaner-burning, low-sulfur thermal and metallurgical coal to power generators and steel manufacturers on four continents. In 2010, Arch set new company records in safety performance, environmental compliance and revenue generation.

*Forward-Looking Statements: This press release 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, you should see the risk factors described from time to time in the reports Arch files with the Securities and Exchange Commission.*