

Canyon Fuel Company, LLC. Overview

**Utah Mine Safety Review Commission
September 25, 2007**



Arch Coal Overview

Second Largest U.S. Coal Producer

Publicly Traded NYSE Symbol “ACI”

Leading Position In All Three Major Low-Sulfur Basins

Reserve Base Totaling 3.7 Billion Tons

Produces 100% Low Sulfur Coal

Supplies Roughly 13% of U.S. Coal Needs

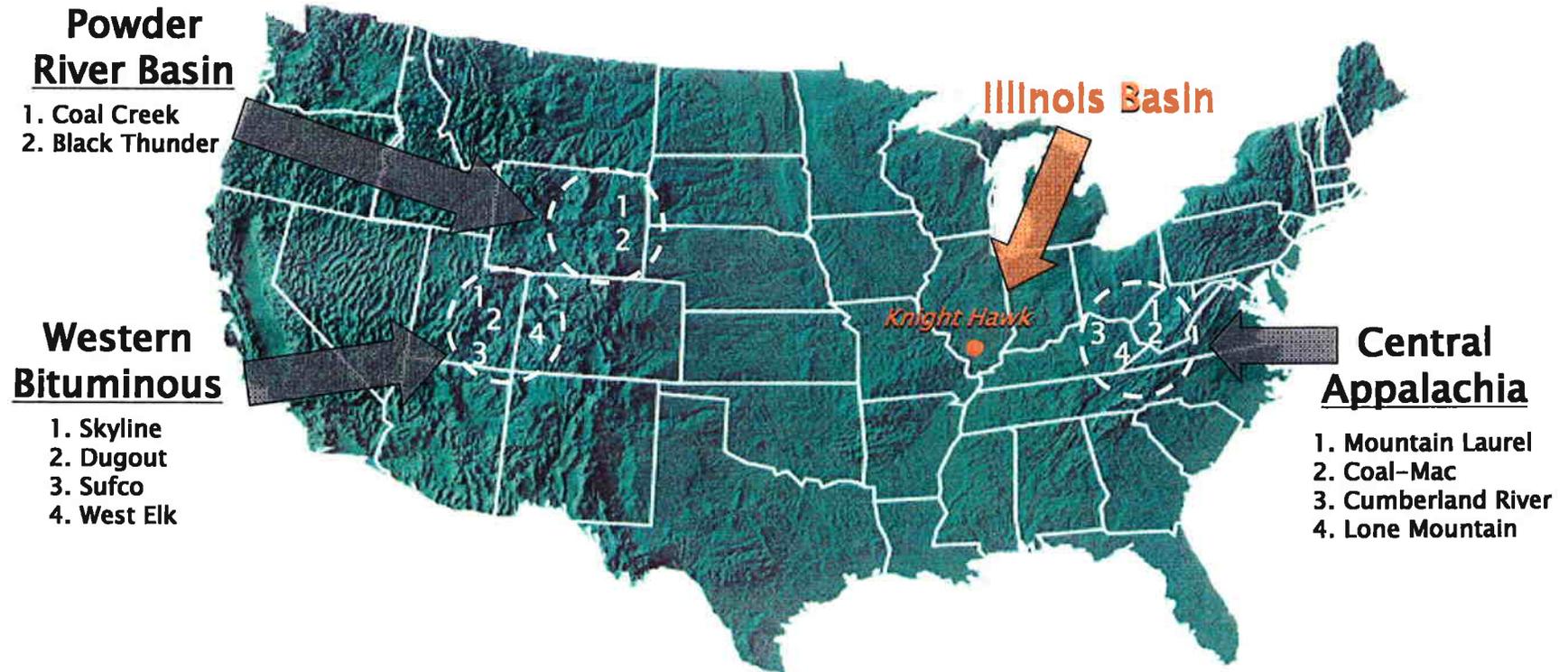
Provides Fuel For Roughly 7% of U.S. Electricity

Operates Large Modern Mines in East and West

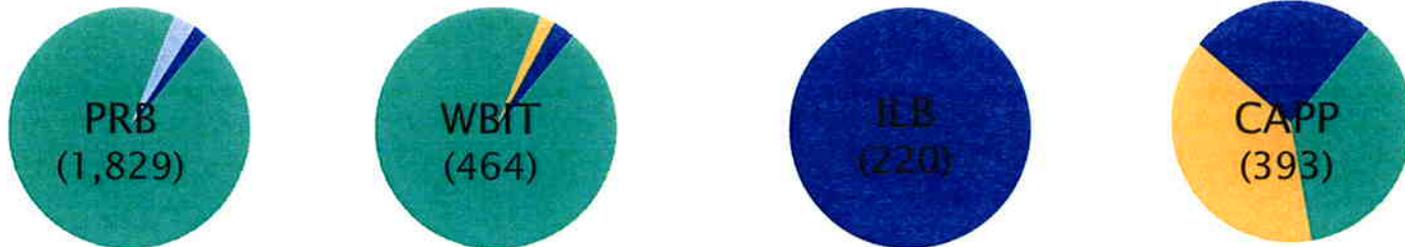
Recognized Leader in Safety and Environmental Performance



Arch's National Scope of Operations Includes Presence in Four Major U.S. Coal Basins



2.9-Billion Ton Reserve base

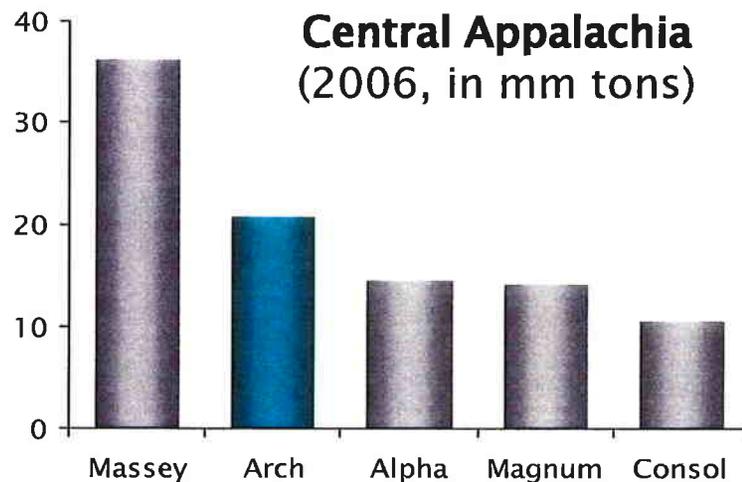
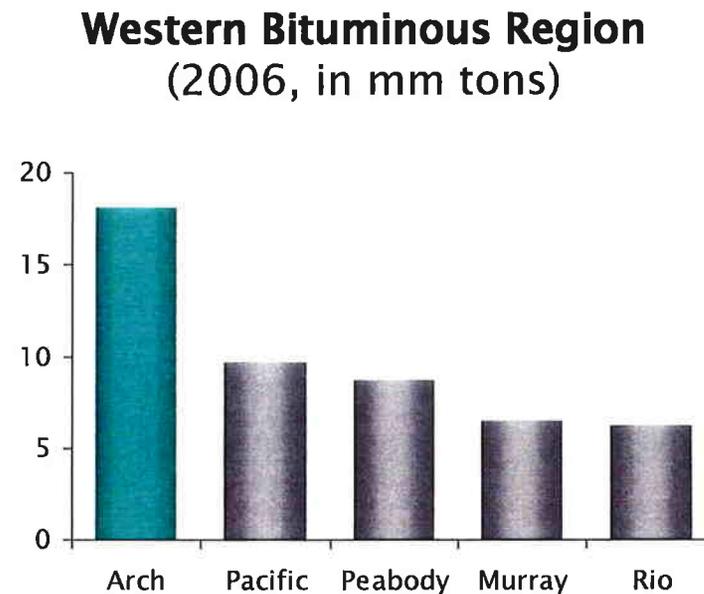
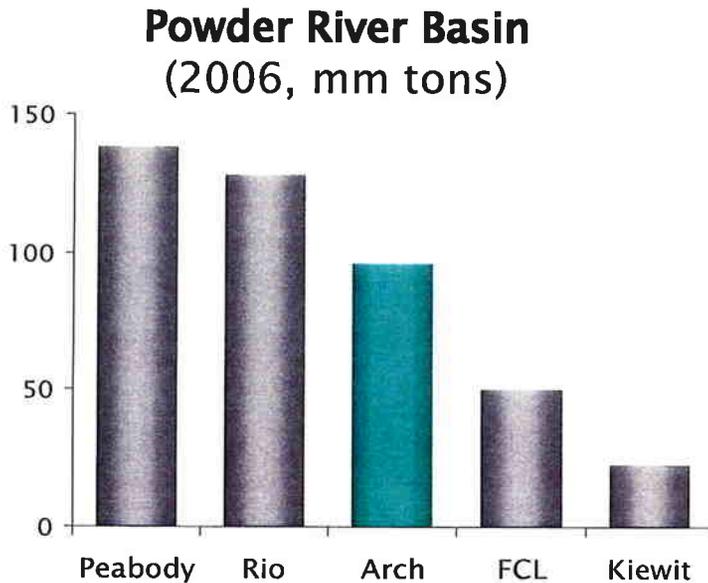


■ Compliance ■ Low-sulfur ■ High-sulfur

Source: ACI



Arch is a Top Producer in Each of the Nation's Key Low-Sulfur Coal Producing Basins



Sources: ACI, Energy Velocity

Dugout Canyon Mine



Dugout Canyon Mine



Major Equipment

Longwall Operation

- JOY Shields/AFC
- JOY 7LS Shearer

Development sections

- JOY 12CM12 Continuous Miner
- JOY Shuttle Cars
- Fletcher Roof Bolters

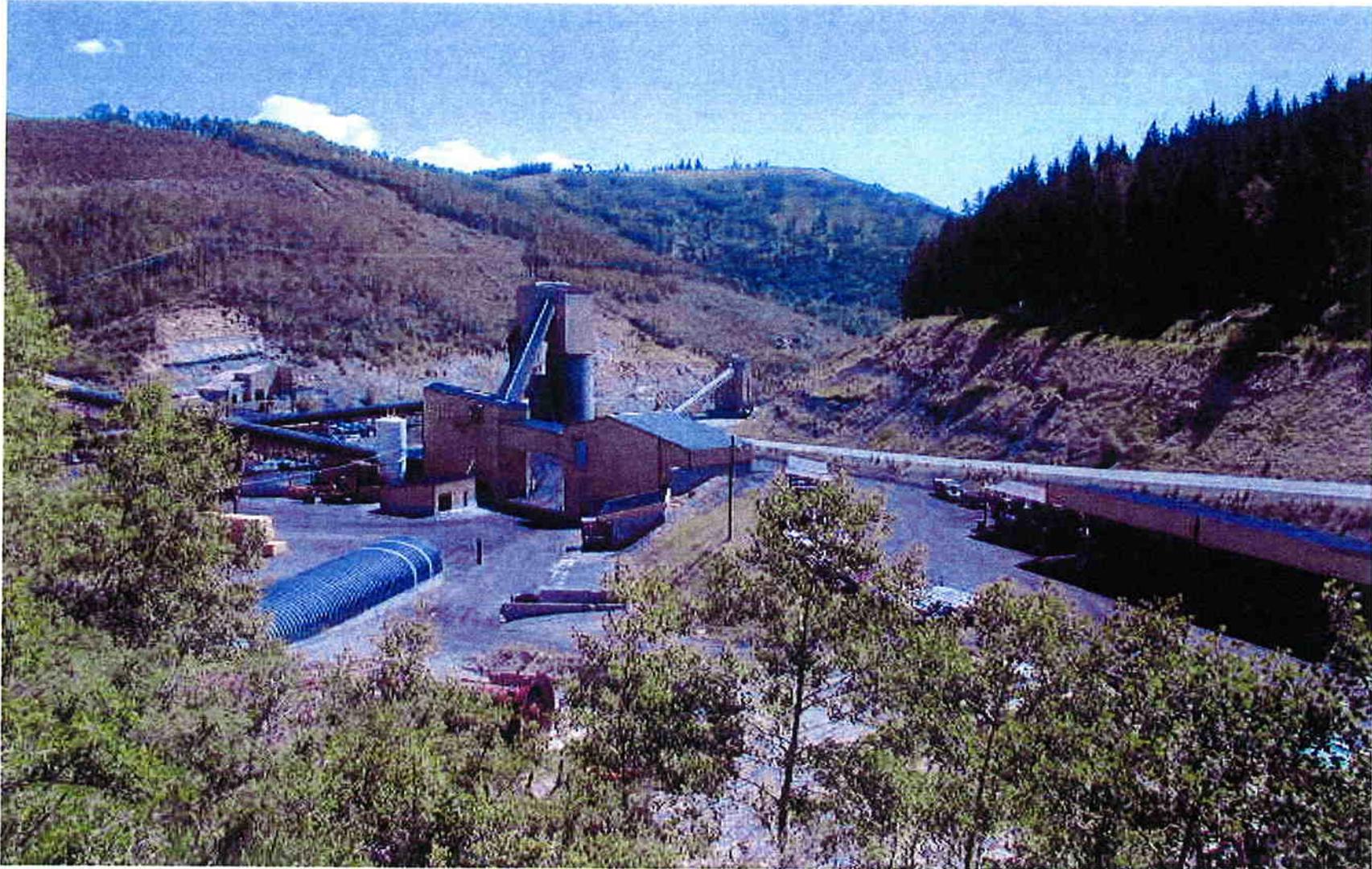
Production Capacity

- 4.0 million tons per year

Coal Quality

- 11,800 – 12,000 BTU/lb
- 1.10 – 1.20 lbs SO₂/ mmBTU
- 12.0% ash
- 8.0% moisture

Skyline Mine



Skyline Mine



Major Equipment

Longwall Operation

- Gullick Shields
- DBT AFC
- JOY 7LS Shearer

Development sections

- JOY 12CM12 Continuous Miner
- JOY Shuttle Cars
- Fletcher Roof Bolters

Production Capacity

- 3.0 million tons per year

Coal Quality

- 11,600 - 11,700 BTU/lb
- 0.9 – 1.10 lbs SO₂/ mmBTU
- 10.0% ash
- 10.0% moisture

Sufco Mine





Sufco Mine

Major Equipment

Longwall Operation

- JOY Shields
- DBT AFC
- JOY 7LS Shearer

Development sections

- JOY 12CM12 Continuous Miner
- JOY Shuttle Cars
- Fletcher Roof Bolters

Production Capacity

- 8.0 million tons per year

Coal Quality

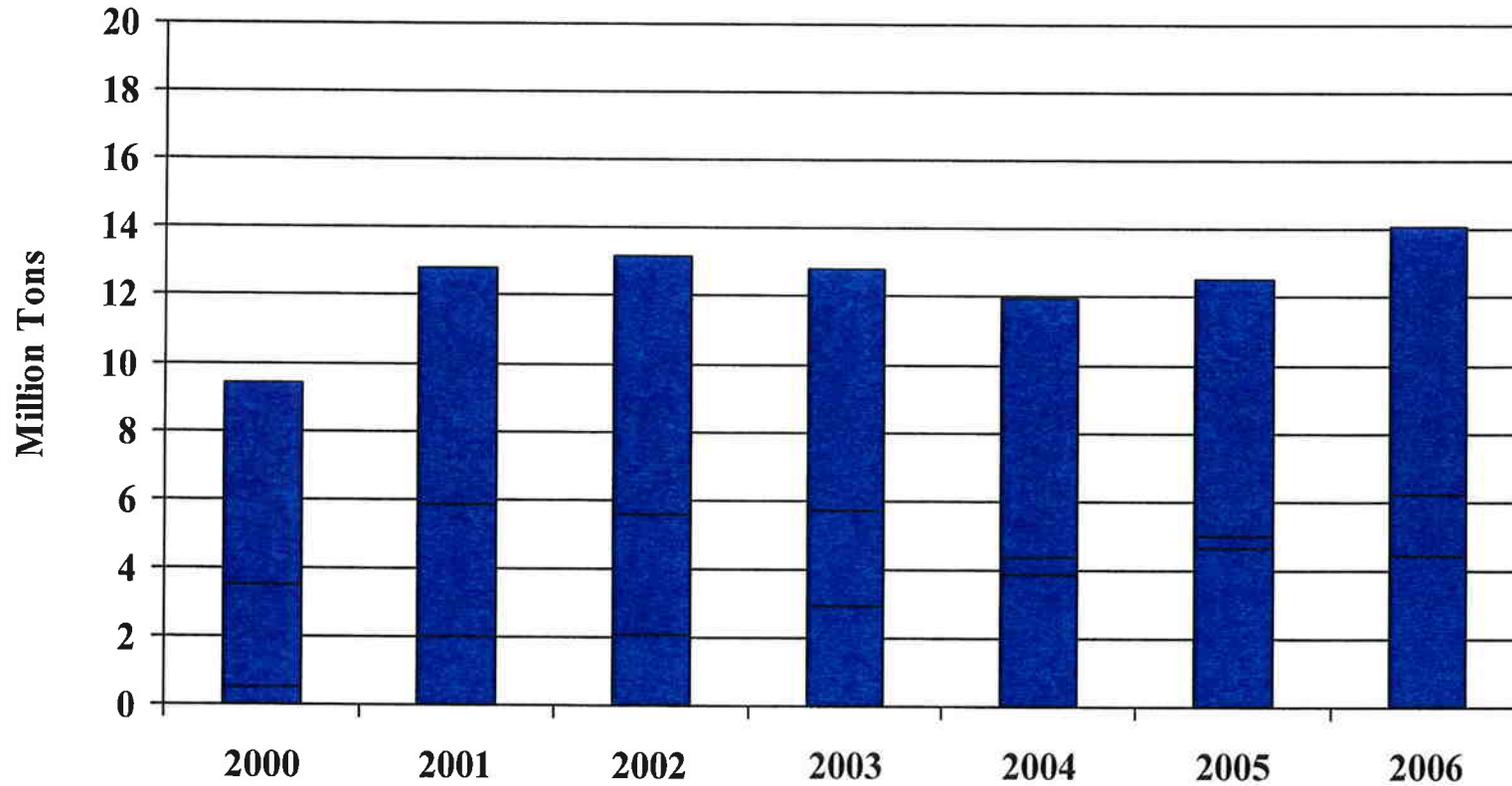
- 11,100 – 11,400 BTU/lb
- 0.75 – 1.00 lbs SO₂/ mmBTU
- 10.0% ash
- 10.0% moisture

Environmental, Health & Safety Recognition

- Skyline 2006 RMCMI Safety Award Winner
 - Skyline 2005 MSHA/NMA Sentinels of Safety Award Winner
 - Dugout 2005 MSHA/NMA Sentinels of Safety Certificate of Recognition
 - Sufco Arch Coal President's Safety Award 1999, 2000, & 2002
-
- Sufco 2007 State of Utah DOGM Earth Day Award
 - Skyline 2007 State of Utah DOGM Earth Day Award
 - Skyline 2006 State of Utah DOGM Earth Day Award

Production History

2000-2006



Canyon Fuel Company Overview

2006 Canyon Fuel Coal Statistics

Total Production	14.1 MM Tons
Property/Other Tax	\$ 5.9 MM
Black Lung Tax	\$10.7 MM
Abandoned Mine Land Tax	\$ 1.9 MM
Federal Royalty	<u>\$23.7 MM</u>
Total Taxes & Royalties	\$42.2 MM
Dispersed to State of Utah	\$17.8 MM
Total Employee Pay and Benefits	\$66.7 MM
Average Annual Pay and Benefits	\$84,968
Total Mine Employees	785

2007 Canyon Fuel Employment

Total Employees at Canyon Fuel (Dugout, Skyline, & Sufco)

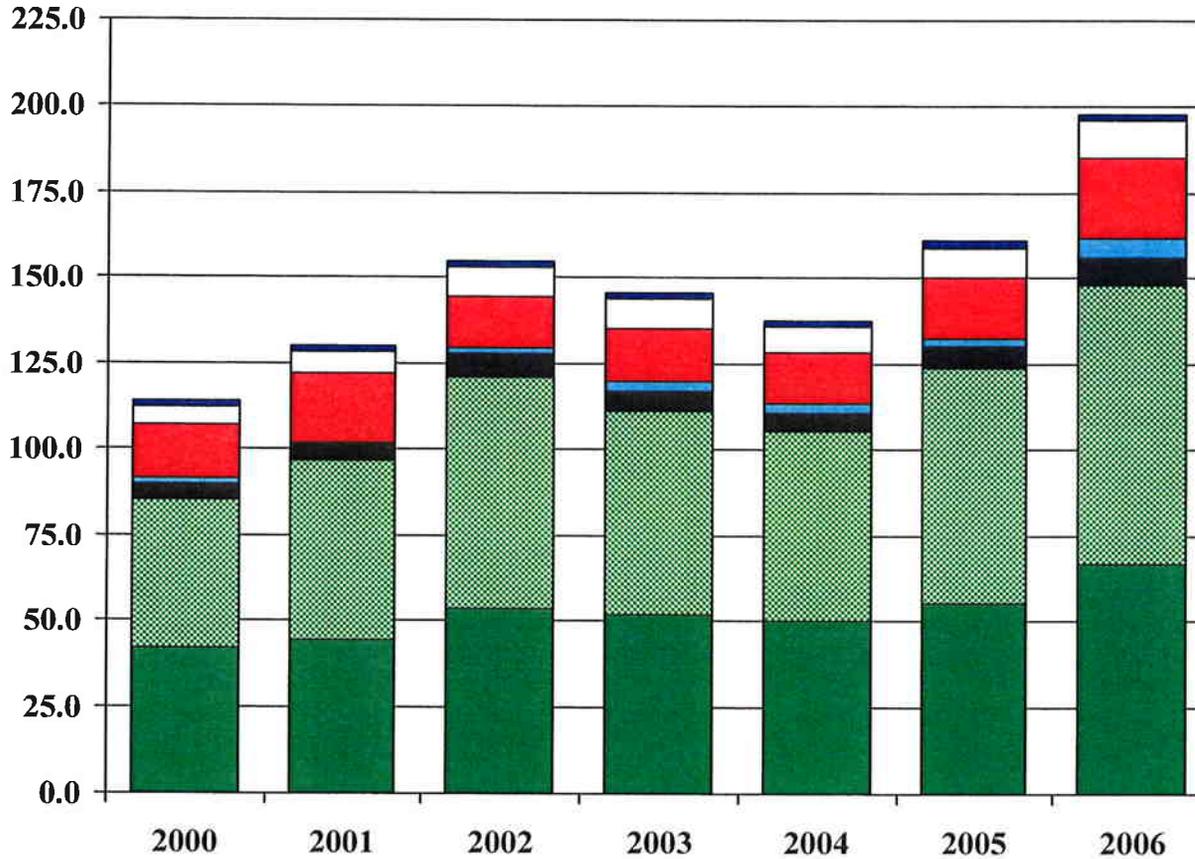
- **799 people**
 - **Carbon 32.5%, Sanpete 30.5%, Sevier 26.5%, Emery 7.9%, Juab 1.5%, Other 1.1%**
 - **Average Age is 42 Years with an average of 10 Years of Service**

Truck Driver Employment Associated with Canyon Fuel Mines

- **350 people between Sufco and Dugout**

Economic Impact

\$MM



- Reclamation Tax
- Black Lung Tax
- Royalties
- Property/Other Tax
- Electricity
- Supplies/Services
- Payroll

Health, Safety, & Environmental Values At Canyon Fuel Company

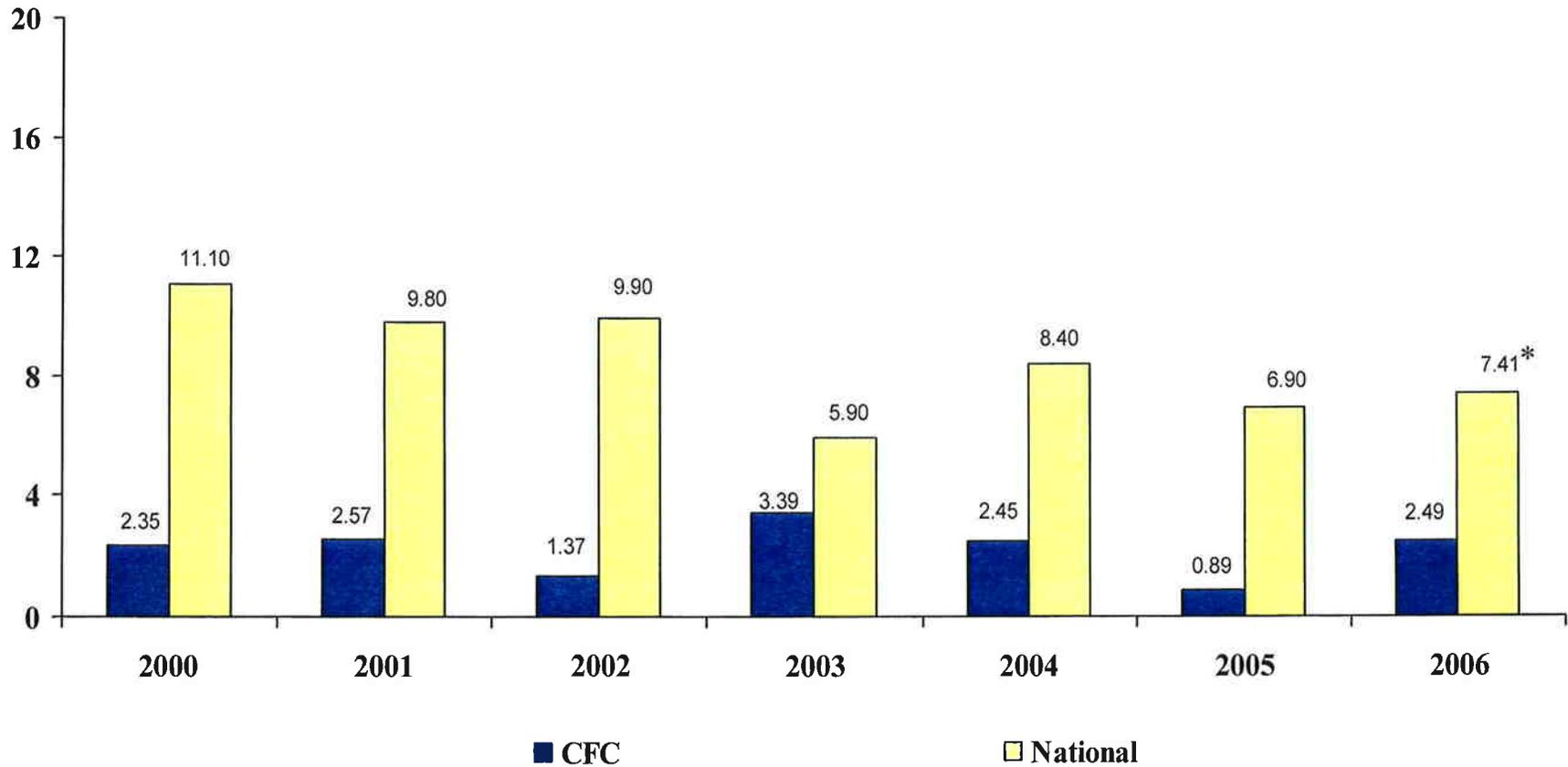
Environmental, Health & Safety

More Than A Priority – It Is A Core Value

- Our Goal Is An Injury-Free & Environmentally Responsible Work Place
- Our Belief Is All Injuries & Harm To The Environment Are Preventable
- Our Focus Is On Behavior
- Working Safely & Environmentally Responsibly Are Conditions Of Employment
- Strong and Visible Senior Management Commitment To EH & S Is Paramount
- No Conflict Exists Between EH & S and Economics
- EH & S Is A Part Of Every Decision Made
- EH & S Is A Line Management Responsibility
- Management Is Responsible and Accountable For EH & S Performance
- EH & S Performance Is Recognized & Rewarded
- Comprehensive Incident Investigations Provide Lessons Learned
- Internal & External EH & S Audit Programs Are Routinely Utilized

Health & Safety Performance

MSHA Reportable Injury Incident Rate Comparison 2000 - 2006 Underground Bituminous Coal Mines

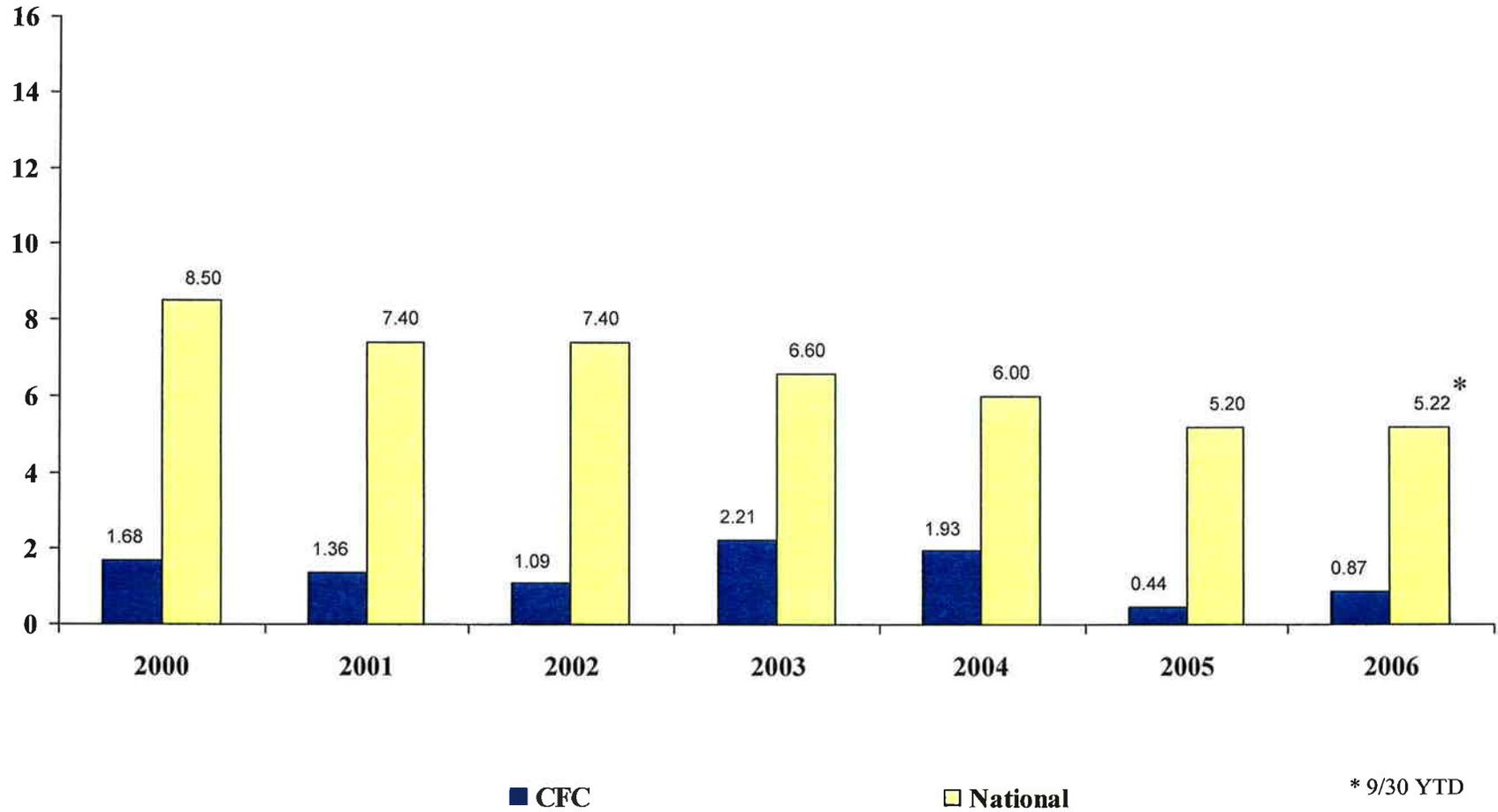


* 9/30 YTD

Health & Safety Performance

Lost Time Injury Rate Comparison 2000 - 2005

Underground Bituminous Coal Mines



Environmental Performance

Notices Of Violation 2000 - 2006

