

MINGO LOGAN COAL CO

Form S-4/A

May 14, 2010

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As filed with the Securities and Exchange Commission on May 13, 2010.

Registration No. 333-165934

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Amendment No. 1

to

**Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Arch Coal, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

1221

*(Primary Standard Industrial
Classifications Code Number)*

43-0921172

*(I.R.S. Employer
Identification Number)*

**One CityPlace Drive, Suite 300
St. Louis, Missouri 63141
(314) 994-2700**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

SEE TABLE OF ADDITIONAL REGISTRANTS

Robert G. Jones

**Senior Vice President Law, General Counsel and Secretary
Arch Coal, Inc.**

**One CityPlace Drive, Suite 300
St. Louis, Missouri 63141
Tel. (314) 994-2700**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies of all communications to:

**Ronald D. West
Jeffrey W. Acre
K&L Gates LLP
K&L Gates Center
210 Sixth Avenue
Pittsburgh, Pennsylvania 15222
Tel. (412) 355-6500**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Exact Name of Registrant as Specified in its Charter and Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices*	State or Other Jurisdiction of Incorporation	I.R.S. Employer Identification Number
Allegheny Land Company	Delaware	61-0922221
Arch Coal Sales Company, Inc.	Delaware	43-1335853
Arch Coal Terminal, Inc.	Delaware	61-0941499
Arch Development, LLC	Delaware	27-2039231
Arch Energy Resources, LLC	Delaware	20-8889263
Arch Reclamation Services, Inc.	Delaware	43-1724510
Ark Land Company	Delaware	43-0952128
Ark Land KH, Inc.	Delaware	55-1086280
Ark Land LT, Inc.	Delaware	20-1637677
Ark Land WR, Inc.	Delaware	20-1638026
Ashland Terminal, Inc.	Delaware	55-0619683
Catenary Coal Holdings, Inc.	Delaware	43-1629654
Coal-Mac, Inc.	Kentucky	61-0940536
Cumberland River Coal Company	Delaware	43-1522213
Lone Mountain Processing, Inc.	Delaware	43-1580457
Mingo Logan Coal Company	Delaware	13-3074446
Mountain Gem Land, Inc.	West Virginia	55-0696955
Mountain Mining, Inc.	Delaware	61-0925056
Mountaineer Land Company	Delaware	61-0881912
Otter Creek Coal, LLC	Delaware	27-2484254
Prairie Holdings, Inc.	Delaware	20-5273741
Western Energy Resources, Inc.	Delaware	43-1947588

* The principal executive offices of, and the agent for service for, each additional registrant is c/o Robert G. Jones, Senior Vice President Law, General Counsel and Secretary, Arch Coal, Inc., One CityPlace Drive, Suite 300, St. Louis, Missouri 63141.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 13, 2010

PRELIMINARY PROSPECTUS

ARCH COAL, INC.

Offer to Exchange

**\$600,000,000 aggregate principal amount of 83/4% Senior Notes Due 2016
(CUSIP Nos. 039380AA8 and U0393CAA3)**

for

**\$600,000,000 aggregate principal amount of 83/4% Senior Notes Due 2016
(CUSIP No. 039380AB6)**

that have been registered under the Securities Act of 1933, as amended

The exchange offer will expire at 5:00 p.m.,

New York City time, on _____, 2010, unless earlier terminated or extended.

Arch Coal, Inc. hereby offers, upon the terms and subject to the conditions set forth in this prospectus (which constitute the exchange offer), to exchange up to \$600,000,000 aggregate principal amount of its registered 83/4% Senior Notes due 2016, which it refers to as the exchange notes, for a like principal amount of its outstanding 83/4% Senior Notes due 2016, which it refers to as the original notes. The term note or notes in this prospectus refer collectively to the original notes and the exchange notes.

The terms of the exchange notes are substantially identical to the terms of the original notes in all material respects, except that the exchange notes are registered under the Securities Act of 1933, as amended, or the Securities Act, and the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.

The exchange notes will be fully and unconditionally guaranteed on a senior basis by the subsidiaries of Arch Coal that guarantee indebtedness under Arch Coal's senior secured credit facility.

The principal features of the exchange offer are as follows:

The exchange offer is subject to certain conditions described in this prospectus, including that no injunction, order or decree has been issued which would prohibit, prevent or materially impair our ability to proceed with the exchange offer.

All original notes that are validly tendered and not validly withdrawn will be exchanged.

Tenders of original notes may be withdrawn at any time prior to the expiration of the exchange offer.

Neither Arch Coal nor any subsidiary guarantor will receive any proceeds from the exchange offer.

Arch Coal does not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system.

You should consider carefully the Risk Factors beginning on page 10 of this prospectus before participating in the exchange offer.

Each broker-dealer that receives exchange notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. Arch Coal and the subsidiary guarantors have agreed that, starting on the expiration date (as defined herein) and ending on the close of business one year after the expiration date, they will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2010.

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The information contained in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies. No person has been authorized to give any information or to make any representations other than those contained in this prospectus in connection with the offer contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by us. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances create an implication that there has been no change in our affairs or that of our subsidiaries since the date hereof.

This prospectus incorporates important business and financial information about Arch Coal and the subsidiary guarantors that is not included in or delivered with this prospectus. Arch Coal will provide without charge to each person, including any beneficial owner, to whom a copy of this prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the information incorporated by reference in this prospectus, other than exhibits to such information (unless such exhibits are specifically incorporated by reference into the information that this prospectus incorporates). Requests for such copies should be directed to Arch Coal, Inc., One CityPlace Drive, Suite 300, St. Louis, Missouri 63141, Attn. Robert G. Jones. To obtain timely delivery, you must request the information no later than five business days before _____, 2010, the expiration date of the exchange offer.

The notes initially will be represented by permanent global certificates in fully registered form without coupons and will be deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company, New York, New York, or DTC, as depository.

INDUSTRY AND MARKET DATA

We obtained the market and competitive position data incorporated by reference into this prospectus from our own research, surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, we have not independently verified such data, and we make no representation as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources. Market and competitive position data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the caption **Risk Factors** in this prospectus.

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FORWARD-LOOKING STATEMENTS

Information we have included or incorporated by reference in this prospectus contains or may contain forward-looking statements. These forward-looking statements include, among others, statements of our plans, objectives, expectations (financial or otherwise) or intentions. Words such as may, expects, anticipates, approximates, believes, estimates, intends and variations of such words and similar expressions are intended to identify such forward-looking statements.

Our forward-looking statements involve risks and uncertainties. Our actual results may differ significantly from those projected or suggested in any forward-looking statements. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Factors that might cause such a difference to occur include, but are not limited to:

- market demand for coal and electricity;
- geologic conditions, weather and other inherent risks of coal mining that are beyond our control;
- competition within our industry and with producers of competing energy sources;
- excess production and production capacity;
- our ability to acquire or develop coal reserves in an economically feasible manner;
- inaccuracies in our estimates of our coal reserves;
- availability and price of mining and other industrial supplies;
- availability of skilled employees and other workforce factors;
- disruptions in the quantities of coal produced by our contract mine operators;
- our ability to collect payments from our customers;
- defects in title or the loss of a leasehold interest;
- railroad, barge, truck and other transportation performance and costs;
- our ability to successfully integrate the operations that we acquire;
- our ability to secure new coal supply arrangements or to renew existing coal supply arrangements;
- our relationships with, and other conditions affecting, our customers;
- the deferral of contracted shipments of coal by our customers;
- our ability to service our outstanding indebtedness;

our ability to comply with the restrictions imposed by our credit facility and other financing arrangements;

the availability and cost of surety bonds;

failure by Magnum Coal Company, a subsidiary of Patriot Coal Corporation, to satisfy certain below-market contracts that we guarantee;

our ability to manage the market and other risks associated with certain trading and other asset optimization strategies;

terrorist attacks, military action or war;

environmental laws, including those directly affecting our coal mining operations and those affecting our customers' coal usage;

our ability to obtain and renew mining permits;

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future legislation and changes in regulations, governmental policies and taxes, including those aimed at reducing emissions of elements such as mercury, sulfur dioxides, nitrogen oxides, particulate matter or greenhouse gases;

the accuracy of our estimates of reclamation and other mine closure obligations;

the existence of hazardous substances or other environmental contamination on property owned or used by us; and

the availability of future permits authorizing the disposition of certain mining waste.

These and other relevant factors, including those risk factors set forth under **Risk Factors** and identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2010 and our other filings with the Securities and Exchange Commission, which we refer to as the SEC, under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, which are incorporated by reference in this prospectus, should be carefully considered when reviewing any forward-looking statement. See **Where You Can Find More Information**.

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PROSPECTUS SUMMARY

Except as otherwise indicated, in this prospectus, Arch Coal, the company, we, us and our refer to Arch Coal, Inc. and its consolidated subsidiaries. This summary highlights selected information contained elsewhere in this prospectus or incorporated by reference into this prospectus. This summary may not contain all of the information that you should consider before exchanging any of the notes. You should read the entire prospectus carefully, including the section entitled Risk Factors in this prospectus and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2010, which are incorporated herein by reference, before making a decision to exchange the notes.

Business Overview

We are one of the largest coal producers in the United States. For the year ended December 31, 2009 (which includes fourth quarter sales only from the former Jacobs Ranch mining complex), we sold approximately 126.1 million tons of coal, including approximately 7.5 million tons of coal which we purchased from third parties, fueling approximately 12.7% of all coal-based electricity generated in the United States. For the three months ended March 31, 2010, we sold approximately 37.8 million tons of coal. We sell substantially all of our coal to power plants, steel mills and industrial facilities. As of March 31, 2010, we operated 19 active mines located in each of the major low-sulfur coal-producing regions of the United States. The locations of our mines enable us to ship coal to most of the major coal-fueled power plants, steel mills and export facilities located in the United States.

We estimate that we owned or controlled approximately 3.9 billion tons of proven and probable recoverable reserves as of December 31, 2009. Of these reserves, approximately 79.3% consist of compliance coal, or coal which emits 1.2 pounds or less of sulfur dioxide per million Btus upon combustion, while an additional 6.1% could be sold as low-sulfur coal, or coal which emits 1.6 pounds or less of sulfur dioxide per million Btus upon combustion. The balance is classified as high-sulfur coal. Most of our reserves are suitable for the domestic steam coal markets. A substantial portion of the low-sulfur and compliance coal reserves at the Cumberland River, Lone Mountain and Mountain Laurel mining complexes may also be used as metallurgical coal. Metallurgical coal is distinguishable from other types of coal because of its high carbon content, low expansion pressure, low sulfur content and various other chemical attributes. As such, the price offered for metallurgical coal is generally higher than the price offered for steam coal. We sold approximately 0.9 million tons and 0.4 million tons of metallurgical coal in the three months ended March 31, 2010 and 2009, respectively, and approximately 2.1 million tons, 4.4 million tons and 2.1 million tons of metallurgical quality coal in the years ended December 31, 2009, 2008 and 2007, respectively.

For a further discussion of our business, we urge you to read our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference in this prospectus. See [Where You Can Find More Information](#).

Additional Information

We are incorporated under the laws of the State of Delaware. Our principal executive offices are located at One CityPlace Drive, Suite 300, St. Louis, Missouri 63141. Our telephone number is (314) 994-2700. Our internet address is www.archcoal.com. Information on, or accessible through, our website is not part of or incorporated by reference into this prospectus.

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Corporate Structure

The following chart shows a summary of the corporate organization of Arch Coal, Inc. and its direct and indirect ownership interests in its principal subsidiaries. This chart does not show all subsidiaries, including certain intermediate subsidiaries. This chart also indicates whether or not the subsidiaries shown are guarantors of the exchange notes. Except as indicated otherwise in this chart, each subsidiary included in this chart is wholly owned by its direct parent.

- (1) Ark Land Company holds many of our federal and state coal leases.
- (2) Arch Coal Sales Company, Inc. is a party to substantially all of our long-term coal supply arrangements and other coal sales agreements.
- (3) These entities represent our operations in the Central Appalachia region. These entities also are guarantors under our senior secured credit facility. The subsidiaries in this group are Allegheny Land Company, Arch Coal Terminal, Inc., Arch Reclamation Services, Inc., Ashland Terminal, Inc., Coal-Mac, Inc., Cumberland River Coal Company, Lone Mountain Processing, Inc., Mingo Logan Coal Company, Mountain Gem Land, Inc., Mountain Mining, Inc. and Mountaineer Land Company.
- (4) These entities are guarantors of the Arch Western Notes. The holders of the Arch Western Notes have an unsecured claim against Arch Coal, Inc. through the pledge of intercompany notes owing to Arch Western Resources. Such intercompany notes do not benefit from any guarantees by any of the subsidiaries that will initially guarantee the notes offered hereby. As of March 31, 2010, \$1.6 billion was outstanding under these intercompany notes.
- (5) These entities represent our operations in the Powder River Basin and the Western Bituminous regions. The subsidiaries in this group are Arch Western Bituminous Group, LLC, Arch of Wyoming, LLC, Mountain Coal Company, L.L.C., Thunder Basin Coal Company, L.L.C. and Triton Coal Company, LLC.

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Summary of the Exchange Offer

On July 31, 2009, we completed the private placement of original notes in the aggregate principal amount of \$600,000,000. As part of that offering, we entered into a registration rights agreement with the initial purchasers of the original notes, dated as of July 31, 2009, referred to in this prospectus as the registration rights agreement, in which we agreed, among other things, to deliver this prospectus to you and to complete an exchange offer for the original notes. Below is a summary of the exchange offer.

Notes Offered Up to \$600,000,000 aggregate principal amount of 83/4% Senior Notes due 2016, which have been registered under the Securities Act, or exchange notes. The form and terms of these exchange notes are identical in all material respects to those of the original notes except that the exchange notes are registered under the Securities Act and the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.

Exchange Offer We are offering to exchange the notes offered hereunder for an equal amount of our original notes issued on July 31, 2009.

As of the date of this prospectus, there are \$600,000,000 aggregate principal amount of original notes outstanding. The original notes were offered under an indenture dated as of July 31, 2009, or the indenture.

In order to be exchanged, an original note must be properly tendered and accepted. All original notes that are validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer will be exchanged.

Expiration Date; Tenders The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2010, unless we earlier terminate or extend the exchange offer in our sole discretion. By tendering your original notes, you represent that:

you are neither an affiliate (as defined in Rule 405 under the Securities Act) of Arch Coal nor a broker-dealer tendering notes acquired directly from us for our own account;

any exchange notes you receive in the exchange offer are being acquired by you in the ordinary course of business;

at the time of commencement of the exchange offer, neither you nor, to your knowledge, anyone receiving exchange notes from you, has any arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the original notes or the exchange notes in violation of the Securities Act;

if you are not a participating broker-dealer, you are not engaged in, and do not intend to engage in, the distribution, as defined in the Securities Act, of the original notes or the exchange notes; and

if you are a broker-dealer, you will receive the exchange notes for your own account in exchange for the original notes that you acquired as a result of your market-making or other trading

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activities and you will deliver a prospectus in connection with any resale of the exchange notes that you receive. For further information regarding resales of the exchange notes by participating broker-dealers, see the discussion under the caption Plan of Distribution.

Accrued Interest

The exchange notes will bear interest from the most recent date to which interest has been paid on the original notes. If your original notes are accepted for exchange, you will receive interest on the exchange notes and not on the original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms.

Conditions to the Exchange Offer

The exchange offer is subject to customary conditions. We may assert or waive these conditions in our sole discretion. See The Exchange Offer Conditions to the Exchange Offer for more information regarding conditions to the exchange offer.

Procedures for Tendering Original Notes

A tendering holder must, on or prior to the expiration date of the exchange offer, in the case of original notes held in the form of book-entry interests, transmit an agent's message to the exchange agent at the address listed in this prospectus, or in the case of holders of certificated notes, transmit a properly completed and duly executed letter of transmittal together with the certificates representing the original notes to the exchange agent. See The Exchange Offer Procedures for Tendering.

Special Procedures for Beneficial Holders

If you are a beneficial holder of original notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender in the exchange offer, you should promptly contact the person in whose name your original notes are registered and instruct that person to tender on your behalf. See The Exchange Offer Procedures for Tendering.

Guaranteed Delivery Procedures

You must comply with the applicable guaranteed delivery procedures for tendering if you wish to tender your original notes and:

your original notes are not immediately available;

time will not permit your required documents to reach the exchange agent prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer; or

you cannot complete the procedures for delivery by book-entry transfer prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer.

Withdrawal Rights

Tenders may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer.

Acceptance of Original Notes and Delivery of Exchange Notes

Subject to the conditions stated in the section The Exchange Offer Conditions to the Exchange Offer of this prospectus, we will accept for

exchange any and all original notes which are properly tendered in the exchange offer before 5:00 p.m., New York City time, on the expiration date of the exchange offer. The

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exchange notes will be delivered as soon as practicable after the expiration date of the exchange offer. See **The Exchange Offer Terms of the Exchange Offer**.

Regulatory Approvals

Other than the federal securities laws, there are no federal or state regulatory requirements that we must comply with and there are no approvals that we must obtain in connection with the exchange offer.

Material United States Federal Tax Consequences

Your exchange of original notes for exchange notes pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes. See **Material United States Federal Tax Consequences**.

Exchange Agent

U.S. Bank National Association is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are listed under the heading **The Exchange Offer Exchange Agent**.

Use of Proceeds

We will not receive any proceeds from the issuance of exchange notes in the exchange offer. We have agreed to pay all expenses incidental to the exchange offer other than commissions and concessions of any broker or dealer and certain transfer taxes and will indemnify holders of the notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act.

We used the net proceeds from the sale of the original notes and our concurrent common stock offering to finance the cost of our acquisition of the former Jacobs Ranch mining complex and pay related fees and expenses. See **Use of Proceeds**.

Resales

Based on interpretations by the staff of the Securities and Exchange Commission, or the SEC, as detailed in a series of no-action letters issued to third parties that are not related to us, we believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:

you are acquiring the exchange notes in the ordinary course of your business;

you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate in a distribution of the exchange notes; and

you are neither an affiliate (as defined in Rule 405 under the Securities Act) of Arch Coal nor a broker-dealer tendering notes acquired directly from us for your own account.

If you are an affiliate of Arch Coal, are engaged in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the exchange notes:

you cannot rely on the applicable interpretations of the staff of the SEC;

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you will not be able to tender your original notes in the exchange offer;
and

you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Each broker or dealer that receives exchange notes for its own account in exchange for original notes that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer to resell, resale, or other transfer of the exchange notes issued in the exchange offer, including the delivery of a prospectus that contains information with respect to any selling holder required by the Securities Act in connection with any resale of the exchange notes.

Furthermore, any broker-dealer that acquired any of its original notes directly from Arch Coal:

may not rely on the applicable interpretation of the staff of the SEC's position contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (April 13, 1988), *Morgan, Stanley & Co. Inc.*, SEC no-action letter (June 5, 1991), and *Shearman & Sterling*, SEC no-action letter (July 2, 1993); and

must also be named as a selling holder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

As a condition to participation in the exchange offer, each holder will be required to represent that it is not an affiliate of Arch Coal or a broker-dealer that acquired the original notes directly from Arch Coal.

The SEC has not considered the exchange offer in the context of a no-action letter, and we cannot assure you that the SEC would make similar determinations with respect to the exchange offer. If any of these conditions are not satisfied, or if our belief is not accurate, and you transfer any exchange notes issued to you in the exchange offer without an exemption from registration of your exchange notes from those requirements, or you are a broker-dealer and fail to comply with any applicable prospectus delivery requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.

Consequences of Not Exchanging
Original Notes

Original notes that are not tendered, or that are tendered but not accepted, will be subject to their existing transfer restrictions. We will have no

further obligation, except under limited circumstances, to provide for registration under the Securities Act of the original notes. See [The Exchange Offer](#) [Consequences of Exchanging or Failing to Exchange the Original Notes](#).

Risk Factors

See [Risk Factors](#) and the other information in this prospectus for a discussion of factors you should carefully consider before deciding to exchange the notes.

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Summary of the Terms of the Exchange Notes

The following is a summary of the terms of the exchange notes. The form and terms of these exchange notes are identical in all material respects to those of the original notes except that the exchange notes are registered under the Securities Act and the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes. The exchange notes will be governed by the same indenture as the original notes. When we refer to the terms of note or notes in this prospectus, we are referring collectively to the original notes and the exchange notes. For a more complete description of the terms of the exchange notes, see Description of Exchange Notes in this prospectus.

Issuer	Arch Coal, Inc., a Delaware corporation.
Notes Offered	\$600,000,000 aggregate principal amount of 83/4% Senior Notes due 2016.
Maturity Date	August 1, 2016.
Interest	Interest on the notes will be paid semi-annually in arrears on each February 1 and August 1, beginning on August 1, 2010.
Ranking and guarantees	<p>All of our subsidiaries that guarantee indebtedness under our senior secured credit facility will initially guarantee the notes. These subsidiaries are listed in Description of Certain Indebtedness Senior Secured Credit Facility. The guarantees may be released under certain circumstances.</p> <p>The notes will rank equal in right of payment to all of our existing and future unsecured unsubordinated indebtedness and senior in right of payment to all future subordinated indebtedness. The notes, however, will be effectively subordinated to our secured obligations to the extent of the collateral securing such obligations. Additionally, the notes will be effectively subordinated to all liabilities, including trade payables, of any subsidiaries that are not guarantors.</p> <p>The note guarantees will rank equal in right of payment with all existing and future unsecured unsubordinated indebtedness of the guarantors. In addition, the note guarantees will be effectively subordinated to all of the guarantors secured obligations to the extent of the collateral securing such obligations.</p> <p>As of March 31, 2010:</p> <p>Arch Coal, Inc. had \$1.8 billion of indebtedness outstanding on a consolidated basis, excluding \$1.6 billion of intercompany notes owned by Arch Western Resources, LLC, an indirect subsidiary in which we have a 99% membership interest and which we refer to as Arch Western Resources, which are pledged for the benefit of the holders of the \$950.0 million aggregate principal amount of the 63/4% Senior Notes due 2013 issued by Arch Western Finance, LLC, an indirect subsidiary of ours, which we refer to as the Arch Western Notes;</p>

on a combined basis, the Guarantors had no outstanding indebtedness, excluding guarantees of our senior secured credit facility and the original notes; and

on a combined basis, the subsidiaries that are not guaranteeing the notes had total indebtedness of \$1,098.6 million, consisting

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of the Arch Western Notes, commercial paper borrowings of Arch Western Resources and borrowings under Arch Receivable Company, LLC's securitization program, and \$1.7 billion of total liabilities.

Optional redemption

We may redeem the notes, in whole or in part, at any time on or after August 1, 2013 at the redemption prices described under Description of Exchange Notes Optional Redemption, plus accrued and unpaid interest.

In addition, prior to August 1, 2012, we may redeem up to 35% of the aggregate principal amount of the notes from the proceeds of certain equity offerings at the redemption price listed in Description of Exchange Notes Optional Redemption.

Change of control

If a change of control of our company occurs, we must give holders the opportunity to sell their notes to us at 101% of their principal amount, plus accrued and unpaid interest.

We might not be able to pay the required price for notes presented to us at the time of a change of control because:

we might not have enough funds at the time; or

the terms of our other debt may prevent us from paying for the notes.

Certain covenants

The covenants contained in the indenture among other things, limit our ability and the ability of our restricted subsidiaries to:

incur more debt;

pay dividends and make distributions or repurchase stock;

make investments;

create liens;

sell assets;

enter into restrictions affecting the ability of restricted subsidiaries to make distributions, loans or advances to us;

engage in transactions with our affiliates; and

merge or consolidate or transfer and sell assets.

These covenants are subject to a number of important exceptions, limitations and qualifications that are described under Description of Exchange Notes.

Many of the restrictive covenants will terminate if the notes achieve an investment grade rating from both Moody's Investors Service, Inc. and Standard & Poor's Ratings Services and no default or event of default has occurred and is continuing under the indenture. Covenants that cease to apply as a result of achieving these ratings will not be restored, even if the credit ratings assigned to the notes later fall below investment grade. See Description of Exchange Notes Certain Covenants Covenant Termination.

Original issue discount

The original notes were issued with original issue discount for United States federal income tax purposes. As the original notes

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were issued with more than a statutory de minimis amount of original issue discount, holders of exchange notes will be required to include amounts representing the original issue discount in gross income on a constant yield basis for United States federal income tax purposes in advance of the receipt of cash payments to which such income is attributable, in addition to their inclusion in income of stated interest on the exchange notes.

No established trading market

The exchange notes will not be listed on any securities exchange or on any automated dealer quotation system. We cannot assure you that an active or liquid trading market for the exchange notes will develop. If an active or liquid trading market for the exchange notes does not develop, the market price and liquidity of the exchange notes may be adversely affected.

Risk factors

You should consider carefully the information set forth in the section of this prospectus entitled **Risk Factors** and all the other information included in or incorporated by reference into this prospectus in deciding whether to participate in the exchange offer.

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RISK FACTORS

You should carefully consider the following risk factors in addition to the other information included in this prospectus before tendering your original notes in the exchange offer. In addition, you should carefully consider the matters discussed under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2010 and in other documents that are subsequently filed with the SEC, which are incorporated by reference into this prospectus. If any of the following risks actually occur, our business, financial condition, prospects, results of operations or cash flow could be materially and adversely affected. Additional risks or uncertainties not currently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events discussed in the risk factors below will not occur and if such events do occur, you may lose all or part of your original investment in the notes. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Forward Looking Statements.

Risks Related to the Exchange Offer

You may have difficulty selling the original notes that you do not exchange.

If you do not exchange your original notes for exchange notes pursuant to the exchange offer, the original notes you hold will continue to be subject to the existing transfer restrictions. The original notes may not be offered, sold or otherwise transferred, except in compliance with the registration requirements of the Securities Act, pursuant to an exemption from registration under the Securities Act or in a transaction not subject to the registration requirements of the Securities Act, and in compliance with applicable state securities laws. We do not anticipate that we will register the original notes under the Securities Act. After the exchange offer is consummated, the trading market for the remaining untendered original notes may be small and inactive. Consequently, you may find it difficult to sell any original notes you continue to hold because there will be fewer original notes of such series outstanding.

If you do not exchange your original notes in the exchange offer, you will no longer be entitled to an increase in interest payments on original notes that the indenture provides for if we fail to complete the exchange offer.

Once the exchange offer has been completed, holders of outstanding original notes will not be entitled to any increase in the interest rate on their original notes that the indenture governing the notes provides for if we fail to complete the exchange offer. Holders of original notes will not have any further rights to have their original notes registered, except in limited circumstances, once the exchange offer is completed.

Some holders of the exchange notes may be required to comply with the registration and prospectus delivery requirements of the Securities Act.

If you exchange your original notes in the exchange offer for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

In addition, a broker-dealer that purchased original notes for its own account as part of market-making or trading activities must deliver a prospectus when it sells the exchange notes it received in the exchange offer. Our obligation to make this prospectus available to broker-dealers is limited. We cannot assure you that a proper prospectus will be available to broker-dealers wishing to resell their exchange notes.

Failure to comply with the exchange offer procedures could prevent a holder from exchanging its original notes.

Holders of the original notes are responsible for complying with all exchange offer procedures. The issuance of exchange notes in exchange for original notes will only occur upon completion of the procedures described in

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this prospectus under The Exchange Offer. Therefore, holders of original notes who wish to exchange them for exchange notes should allow sufficient time for timely completion of the exchange procedure. Neither we nor the exchange agent are obligated to extend the offer or notify you of any failure to follow the proper procedure.

Risks Related to the Exchange Notes

We have a substantial amount of debt, which limits our flexibility and imposes restrictions on us, and a downturn in economic or industry conditions may materially affect our ability to meet our future financial commitments and liquidity needs.

We have a substantial amount of indebtedness. As of March 31, 2010, we had consolidated indebtedness of approximately \$1.8 billion outstanding representing approximately 45.9% of our total capitalization. Our ability to satisfy our debt, lease and royalty obligations, and our ability to refinance our indebtedness, will depend upon our future operating performance, which will be affected by prevailing economic conditions in the markets that we serve and financial, business and other factors, many of which are beyond our control. We may be unable to generate sufficient cash flow from operations and future borrowings or other financing may be unavailable in an amount sufficient to enable us to fund our future financial obligations or our other liquidity needs.

The amount and terms of our debt could have material consequences to our business, including, but not limited to:

- limiting our ability to obtain additional financing to fund growth, such as new lease-by-application acquisitions or other mergers and acquisitions, working capital, capital expenditures, debt service requirements or other cash requirements;

- exposing us to the risk of increased interest costs if the underlying interest rates rise;

- limiting our ability to invest operating cash flow in our business due to existing debt service requirements;

- making it more difficult to obtain surety bonds, letters of credit or other financing, particularly during weak credit markets;

- causing a decline in our credit ratings;

- limiting our ability to compete with companies that are not as leveraged and that may be better positioned to withstand economic downturns;

- limiting our ability to acquire new coal reserves and/or plant and equipment needed to conduct operations; and

- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we compete and general economic and market conditions.

We are a holding company and depend on our subsidiaries to generate sufficient cash flow to meet our debt service obligations, including payments on the exchange notes.

We are a holding company, and substantially all of our consolidated assets are held by our subsidiaries. As a holding company, we conduct substantially all of our business through our subsidiaries. Accordingly, our cash flows and ability to meet our debt service obligations, including payments on the exchange notes, are largely dependent upon the earnings of our subsidiaries and the payment of such earnings to us in the form of dividends, distributions, loans or otherwise, and repayment of such loans or advances from us. These subsidiaries are separate and distinct legal entities

and have no obligation to provide us with funds for our payment obligations, whether by dividends, distributions, loans or otherwise. The ability of our subsidiaries to pay dividends or make other advances or transfer of funds will depend on their respective results of operations and may be restricted by, among other things, applicable law and contractual provisions limiting the amount of funds available to make dividends and agreements of those subsidiaries. For example, Arch Western Resources and its subsidiaries may only distribute or advance funds to us out of available cash, as defined in the

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indenture governing the Arch Western Notes. In addition, the subsidiary of BP p.l.c. which owns a 1% membership interest in Arch Western Resources (the BP Member) is entitled to receive cumulative preferred return distributions, with the preferred return being equal to an annual rate of 4% and calculated based on the BP Member s preferred capital account balance, which was approximately \$2.4 million at March 31, 2010. Also, the BP Member s consent is required prior to any distribution by Arch Western Resources if Arch Western Resources, at that time, has a debt rating less favorable than Ba3 from Moody s Investors Service or BB- from Standard & Poor s or fails to maintain an interest ratio of not greater than 3.0:1 and an indebtedness ratio of not greater than 3.5:1.

The exchange notes and the guarantees will not be secured by any of our assets and therefore will be effectively subordinated to our existing and future secured indebtedness.

The exchange notes and the guarantees will be general unsecured obligations ranking effectively junior in right of payment to all existing and future secured debt, including under our senior secured credit facility to the extent of the collateral securing such debt. In addition, the indenture permits the incurrence of additional debt, some of which may be secured debt. In the event that Arch Coal or a guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, creditors whose debt is secured by assets of Arch Coal or a guarantor will be entitled to the remedies available to secured holders under applicable laws, including the foreclosure of the collateral securing such debt, before any payment may be made with respect to the exchange notes or the affected guarantees. As a result, there may be insufficient assets to pay amounts due on the exchange notes, and holders of the exchange notes may receive less, ratably, than holders of secured indebtedness. As of March 31, 2010, the total amount of secured debt that we had outstanding was \$90.0 million, with approximately \$728.0 million of undrawn borrowing capacity available, under our senior secured credit facility. We may also incur additional senior secured indebtedness.

The exchange notes are structurally subordinated to the existing and future liabilities of our subsidiaries that do not guarantee the exchange notes to the extent of the assets of such non-guarantor subsidiaries.

Some of our subsidiaries, including Arch Western Resources and its subsidiaries, will not guarantee the exchange notes. As a result, the exchange notes will be structurally subordinated to all existing and future liabilities of our subsidiaries that do not guarantee the exchange notes. Therefore, our rights and the rights of our creditors to participate in the assets of any subsidiary in the event that such a subsidiary is liquidated or reorganized are subject to the prior claims of such subsidiary s creditors. As a result, all indebtedness and other liabilities, including trade payables, of the non-guarantor subsidiaries, whether secured or unsecured, must be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us in order for us to meet our obligations with respect to the exchange notes. To the extent that we may be a creditor with recognized claims against any subsidiary, our claims would still be subject to the prior claims of such subsidiary s creditors to the extent that they are secured or senior to those held by us. Our subsidiaries may incur additional indebtedness and other liabilities.

As of March 31, 2010, our non-guarantor subsidiaries had approximately \$1.7 billion of total indebtedness and other liabilities, including trade payables and accrued expenses. The non-guarantor subsidiaries represented approximately 66.4%, 64.1% and 58.9% of our consolidated revenues for the three months ended March 31, 2010 and the years ended December 31, 2009 and 2008, respectively, and at March 31, 2010 represented approximately 40.8% of our consolidated assets (excluding intercompany receivables).

Our ability to generate the significant amount of cash needed to pay interest and principal on the exchange notes and service our other debt and financial obligations and our ability to refinance all or a portion of our indebtedness or obtain additional financing depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the exchange notes, depends on our ability to generate cash in the future. We are subject to general economic, climatic, industry, financial, competitive,

legislative, regulatory and other factors that are beyond our control. In particular, economic conditions could cause the price of coal to fall, our revenue to decline and hamper our ability to repay our indebtedness, including the exchange notes. As a result, we may need to refinance all or a portion of

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our indebtedness, including the exchange notes, on or before maturity. Our ability to refinance debt or obtain additional financing will depend on, among other things:

our financial condition at the time;

restrictions in the indenture governing the notes and any other indebtedness; and

other factors, including financial market or coal industry conditions.

As a result, we may not be able to refinance any of our indebtedness, including the exchange notes, on commercially reasonable terms, or at all. If our operations do not generate sufficient cash flow from operations, and additional borrowings or refinancings are not available to us, we may not have sufficient cash to enable us to meet all of our obligations, including payments on the exchange notes.

The terms of the agreements governing our indebtedness contain significant restrictions that limit our operating and financial flexibility.

The indenture governing the exchange notes and the agreements governing our and our subsidiaries' other indebtedness contain various covenants and other restrictions that limit our ability and the ability of our restricted subsidiaries to engage in specified types of transactions. These covenants and other restrictions limit our and our restricted subsidiaries' ability to, among other things:

incur additional indebtedness;

pay dividends on, repurchase or make distributions in respect of capital stock or make restricted payments;

borrow the full amount under our credit facilities;

make investments;

create liens;

issue and sell capital stock of subsidiaries;

sell or transfer assets;

enter into restrictions affecting the ability of restricted subsidiaries to make distributions, loans or advances to us;

engage in transactions with affiliates;

enter into sale and leasebacks; and

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

These restrictions on operations and financings, as well as those that may be contained in future debt agreements, may limit our ability to execute preferred business strategies. Moreover, if operating results fall below current levels, we may be unable to comply with these covenants. If that occurs, our lenders, including holders of exchange notes, could accelerate their debt. If their debt is accelerated, we may not be able to repay all of their debt, in which case the

exchange notes may not be fully repaid, if they are repaid at all.

Despite our current levels of debt, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial debt.

We may be able to incur additional debt in the future. The terms of our senior secured credit facility and the indenture governing the exchange notes allow us to incur substantial amounts of additional debt, subject to certain limitations. As of March 31, 2010, we had available borrowings under our senior secured credit facility of approximately \$728.0 million. If new debt is added to our current debt levels, the related risks we could face would be magnified.

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If the exchange notes become rated investment grade by both Standard & Poor's and Moody's, certain covenants contained in the indenture will be terminated, and you will lose the protection of these covenants permanently, even if the exchange notes subsequently fall back below investment grade.

The indenture contains certain covenants that permanently will cease to be in effect from and after the first date when the exchange notes are rated investment grade by both Standard & Poor's and Moody's. These covenants restrict, among other things, our ability and the ability of our subsidiaries to:

incur additional debt;

make distributions;

sell capital stock or other assets; and

engage in transactions with affiliates.

Because these restrictions will not apply when the exchange notes are rated investment grade, we will be able to incur additional debt and consummate transactions that may impair our ability to satisfy our obligations with respect to the exchange notes. These covenants will not be restored, even if the credit ratings assigned to the exchange notes later fall below investment grade.

We may be unable to repurchase exchange notes in the event of a change of control as required by the indenture.

Upon the occurrence of certain kinds of change of control events specified in the indenture, holders of exchange notes will have the right to require us to repurchase all of their exchange notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. Any change of control also would constitute a default under our senior secured credit facility. Therefore, upon the occurrence of a change of control, the lenders under our senior secured credit facilities would have the right to accelerate their loans, and if so accelerated, we would be required to pay all of our outstanding obligations under such facility. We may not be able to pay you the required price for your exchange notes at that time because we may not have available funds to pay the repurchase price. In addition, the terms of other existing or future debt may prevent us from paying you. There can be no assurance that we would be able to repay such other debt or obtain consents from the holders of such other debt to repurchase these notes. Any requirement to offer to purchase any outstanding exchange notes may result in us having to refinance our outstanding indebtedness, which we may not be able to do. In addition, even if we were able to refinance our outstanding indebtedness, such financing may be on terms unfavorable to us.

Also, the change of control provision and other covenants in the indenture governing the notes do not cover all corporate reorganizations, mergers, amalgamations or similar transactions and may not provide you with protection in a transaction, including a highly leveraged transaction, unless such transaction constitutes a change of control under the indenture governing the notes.

Federal and state fraudulent conveyance laws may permit a court to void the notes and the guarantees, and, if that occurs, you may not receive any payments on the notes.

The issuance of the exchange notes and the guarantees may be subject to review under federal and state fraudulent conveyance statutes. While the relevant laws may vary from state to state, under such laws the payment of consideration generally will be a fraudulent conveyance if:

it was paid with the intent of hindering, delaying or defrauding creditors; or

we or any of the guarantors received less than fair consideration in return for issuing either the exchange notes or a guarantee, as applicable, and either:

we or the guarantor was insolvent, on the eve of insolvency or rendered insolvent by reason of the incurrence of the indebtedness;

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payment of the consideration left us or the guarantor with an unreasonably small amount of capital to carry on the business; or

we or the guarantor intended to, or believed that it would, incur debts beyond its ability to pay the debt.

If a court were to find that the issuance of the exchange notes or a guarantee was a fraudulent conveyance, the court could void the payment obligations under the exchange notes or such guarantee or further subordinate the exchange notes or such guarantee to presently existing and future indebtedness, or require the holders of the exchange notes to repay any amounts received with respect to the exchange notes or such guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the exchange notes. Further, the voidance of the exchange notes or a guarantee could result in an event of default with respect to our other debt that could result in acceleration of that debt.

The original notes were issued with original issue discount for United States federal income tax purposes.

The original notes were issued with original issue discount for United States federal income tax purposes. Thus, since the original notes are issued with more than a statutory de minimis amount of original issue discount, holders of exchange notes will be required to include amounts representing the original issue discount in gross income on a constant yield basis for United States federal income tax purposes in advance of the receipt of cash payments to which such income is attributable, in addition to their inclusion in income of stated interest on the exchange notes. For more information, see Material United States Federal Income Tax Consequences.

Your ability to transfer the exchange notes may be limited by the absence of an active trading market, and an active trading market may not develop for the exchange notes.

The exchange notes are a new issue of securities for which there is no established trading market. We do not intend to list the exchange notes on any national or regional securities exchange or seek approval for quotation through any automated quotation system. An active trading market may not develop for the exchange notes. Subsequent to their initial issuance, the exchange notes may trade at a discount from the initial offering price of the original notes, depending upon prevailing interest rates, the market for similar notes, our operating performance and financial condition and other factors.

Table of Contents**USE OF PROCEEDS**

This exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any cash proceeds from the issuance of the exchange notes. In consideration for issuing the exchange notes contemplated in this prospectus, we will receive the original notes in like principal amount, the form and terms of which are the same as the form and terms of the exchange notes, except as otherwise described in this prospectus. The original notes surrendered in exchange for exchange notes will be retired and canceled upon consummation of the exchange offer and cannot be reissued. Accordingly, no additional debt will result from the exchange. We have agreed to pay all expenses incidental to the exchange offer other than commissions and concessions of any broker or dealer and certain transfer taxes and will indemnify holders of the notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act.

We received approximately \$570.3 million in net proceeds from the offering of \$600.0 million in aggregate principal amount of the original notes on July 31, 2009, after deducting fees and expenses related to the offering of the original notes. We used the net proceeds from the sale of the original notes and our concurrent common stock offering to finance the cost of our acquisition of the former Jacobs Ranch mining complex and pay related fees and expenses.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS

The table below sets forth our ratio of earnings to combined fixed charges and preference dividends on a consolidated basis for each of the time periods indicated.

	Year Ended December 31,				Three Months Ended March 31,		
	2009	2008	2007	2006	2005	2010	2009
Ratio of earnings to combined fixed charges and preference dividends	1.26x	4.91x	2.37x	3.86x	(a)	(a)	2.09x

- (a) Earnings consist of income from operations before income taxes and are adjusted to include only distributed income from affiliates accounted for on the equity method and fixed charges (excluding capitalized interest). Fixed charges consist of interest incurred on indebtedness, the portion of operating lease rentals deemed representative of the interest factor and the amortization of debt expenses. Combined fixed charges and preference dividends exceeded earnings by \$3.2 million for the three months ended March 31, 2010 and \$13.1 million for the year ended December 31, 2005.

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We derived the historical statement of operations data, the cash flow data and the other data for the years ended December 31, 2009, 2008 and 2007, and the historical balance sheet data as of December 31, 2009 and 2008, presented below from our audited consolidated financial statements incorporated by reference into this prospectus. The historical statement of operations data, the cash flow data and the other data for the three months ended March 31, 2010 and 2009, and the historical balance sheet data as of March 31, 2010, have been derived from our unaudited condensed consolidated financial statements incorporated by reference into this prospectus. In the opinion of management, the interim financial information provided herein reflects all adjustments consisting of normal and recurring adjustments necessary for a fair statement of the data for the periods presented. Interim results are not necessary indicative of the results to be expected for the entire fiscal year.

You should read the summary historical financial data together with Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference into this prospectus from our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.

	Year Ended December 31,			Three Months Ended	
	2009 ⁽¹⁾	2008	2007 ⁽²⁾	March 31, 2010	2009
	(Unaudited)				
	(In millions)				
Statement of Operations Data (3):					
Coal sales revenue	\$ 2,576.1	\$ 2,983.8	\$ 2,413.6	\$ 711.9	\$ 681.0
Cost of coal sales	2,070.7	2,183.9	1,888.3	550.8	547.1
Depreciation, depletion and amortization	321.2	292.8	242.1	99.3	73.0
Selling, general and administrative expenses	97.8	107.1	84.4	27.2	25.1
Change in fair value of coal derivatives and trading activities, net	(12.1)	(55.1)	(7.3)	5.9	(0.5)
Costs related to acquisition of Jacobs Ranch	13.7				3.4
Other operating (income) expense, net	(38.9)	(6.2)	(24.5)	(3.4)	(5.6)
Income from operations	123.7	461.3	230.6	32.2	38.6
Interest expense, net	(98.3)	(64.3)	(72.3)	(34.7)	(13.6)
Other non-operating expense			(2.2)		
Income before income taxes	25.4	397.0	156.1	(2.5)	25.0
Provision for (benefit from) income taxes	(16.8)	41.8	(19.8)	(0.8)	(5.6)
Net income	42.2	355.2	175.9	(1.8)	30.6
Net income attributable to non-controlling interest		0.9	1.0		
Net income attributable to Arch Coal, Inc.	\$ 42.2	\$ 354.3	\$ 174.9	\$ (1.8)	\$ 30.6

Balance Sheet Data (at end of period):

Cash and cash equivalents	\$ 61.1	\$ 70.6	\$ 5.1	\$ 50.4	\$ 27.8
Total assets	4,840.6	3,979.0	3,594.6	4,813.3	4,089.7
Working capital	55.1	46.6	(35.4)	138.8	64.4
Total debt	1,807.7	1,312.4	1,303.2	1,783.7	1,444.0
Other long-term obligations	544.6	482.7	412.5	567.2	505.0
Arch Coal, Inc. stockholders equity	2,115.1	1,728.7	1,531.7	2,105.1	1,754.2

Cash Flow Data:

Cash provided by operating activities	\$ 383.0	\$ 679.1	\$ 330.8	\$ 93.3	\$ 57.1
Capital expenditures	323.2	497.3	488.4	32.0	191.9

Operating Data (unaudited):

Tons sold	126.1	139.6	135.0	37.8	30.9
Tons produced	119.6	133.1	126.6	36.9	29.9
Tons purchased from third parties	7.5	6.0	8.5	1.3	1.4

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- (1) On October 1, 2009, we purchased the Jacobs Ranch mining complex in the Powder River Basin from Rio Tinto Energy America for a purchase price of \$769.0 million. To finance the acquisition, the Company sold 19.55 million shares of its common stock and \$600.0 million in aggregate principal amount of 83/4% senior unsecured notes. The net proceeds received from the issuance of common stock were \$326.5 million, and the net proceeds received from the issuance of the 83/4% senior unsecured notes were \$570.3 million.
- (2) On June 29, 2007, we sold select assets and related liabilities associated with our Mingo Logan-Ben Creek mining complex in West Virginia for \$43.5 million. We recognized a net gain of \$8.9 million in 2007 resulting from the sale.
- (3) Figures shown as totals in this table may not be the arithmetic aggregation of the figures that precede them due to rounding adjustments made to certain of the figures in this table.

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DESCRIPTION OF CERTAIN INDEBTEDNESS

Senior secured credit facility

Our secured revolving credit facility expires March 31, 2013. Commitments under the revolving credit facility will be \$860.0 million until June 23, 2011, at which time the commitments will decrease to \$762.5 million. New banks may join the revolving credit facility after June 23, 2011, subject to an aggregate maximum lending amount for all banks of \$800.0 million. We had borrowings outstanding under the revolving credit facility of \$90.0 million at March 31, 2010. At March 31, 2010, we had availability of approximately \$728.0 million under the revolving credit facility. Borrowings under the credit facility bear interest at a floating rate based on LIBOR determined by reference to our leverage ratio, as calculated in accordance with the credit agreement governing the revolving credit facility, as amended. Financial covenants contained in our revolving credit facility consist of a maximum leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio. The leverage ratio requires that we not permit the ratio of total net debt (as defined in the revolving credit facility) at the end of any calendar quarter to EBITDA (as defined in the revolving credit facility) for the four quarters then ended to exceed a specified amount. The interest coverage ratio requires that we not permit the ratio of EBITDA (as defined in the revolving credit facility) at the end of any calendar quarter to interest expense for the four quarters then ended to be less than a specified amount. The senior secured leverage ratio requires that we not permit the ratio of total net senior secured debt (as defined in the revolving credit facility) at the end of any calendar quarter to EBITDA (as defined in the revolving credit facility) for the four quarters then ended to exceed a specified amount. We were in compliance with all financial covenants at March 31, 2010.

Our obligations under our senior secured credit facility are guaranteed by the following subsidiaries: Allegheny Land Company, Arch Coal Sales Company, Inc., Arch Coal Terminal, Inc., Arch Development, LLC, Arch Energy Resources, LLC, Arch Reclamation Services, Inc., Ark Land Company, Ark Land KH, Inc., Ark Land LT, Inc., Ark Land WR, Inc., Ashland Terminal, Inc., Catenary Coal Holdings, Inc., Coal-Mac, Inc., Cumberland River Coal Company, Lone Mountain Processing, Inc., Mingo Logan Coal Company, Mountain Gem Land, Inc., Mountain Mining, Inc., Mountaineer Land Company, Otter Creek Coal, LLC, Prairie Holdings, Inc. and Western Energy Resources, Inc. The obligations of Arch Coal, Inc. and the guarantors under the senior secured credit facility are secured by substantially all of their assets, including Arch Coal's ownership interests in substantially all of its subsidiaries, except its ownership interests in Arch Western Resources and its subsidiaries.

Our senior secured credit facility restricts our ability to incur additional indebtedness, create liens, make investments or specified payments, give guarantees, pay dividends, make capital expenditures and merge or acquire or sell assets. In addition, certain additional covenants under our senior secured credit facility would be triggered if the unused borrowing availability were to fall below specified levels, including fixed charge coverage ratio requirements. Our senior secured credit facility contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults under other debt or hedging arrangements of Arch Coal, Inc. or any of the guarantors, certain events of bankruptcy and insolvency, judgment defaults and the failure of any guaranty or security document supporting the agreement to be in full force and effect.

Arch Western Senior Notes Due 2013

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 Arch Western Resources and certain of its subsidiaries and are secured by an intercompany note from Arch Coal, Inc. to Arch Western Resources. The indenture under which the senior notes were issued contains certain restrictive covenants that limit the respective abilities of

Arch Western Resources and its subsidiaries to, among other things, incur additional debt, sell or transfer assets and make certain investments. Arch Western Resources is permitted to transfer money to Arch Coal, Inc. out of available cash (as defined in the indenture governing the Arch Western Notes) in the form of intercompany loans, which are repayable on demand. Such loans are evidenced by Arch Coal intercompany notes that are pledged for the benefit of the holders of the Arch Western Notes. Any claim

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by a holder of Arch Western Notes on Arch Coal, Inc. through a realization of its collateral would rank equal in right of payment with the notes offered in this offering.

Accounts Receivable Securitization

We are party to a \$175.0 million accounts receivable securitization program whereby eligible trade receivables are sold, without recourse, to a multi-seller, asset-backed commercial paper conduit. The credit facility supporting the borrowings under the program is subject to renewal annually and expires on February 23, 2011. Under the terms of the program, eligible trade receivables consist of trade receivables generated by our operating subsidiaries. Actual borrowing capacity is based on the allowable amounts of accounts receivable as defined under the terms of the agreement. We had outstanding borrowings of \$90.9 million under the program at March 31, 2010. We had letters of credit outstanding under the securitization program of \$64.0 million as of March 31, 2010. At March 31, 2010, we had \$8.0 million of borrowing capacity under the accounts receivable securitization program. Although the participants in the program bear the risk of non-payment of purchased receivables, we have agreed to indemnify the participants with respect to various matters. The participants under the program will be entitled to receive payments reflecting a specified discount on amounts funded under the program, including drawings under letters of credit, calculated on the basis of the base rate or commercial paper rate, as applicable. We pay facility fees, program fees and letter of credit fees (based on amounts of outstanding letters of credit) at rates that vary with our leverage ratio. Under the program, we are subject to certain affirmative, negative and financial covenants customary for financings of this type, including restrictions related to, among other things, liens, payments, merger or consolidation and amendments to the agreements underlying the receivables pool. A termination event would permit the administrator to terminate the program and enforce any and all rights, subject to cure provisions, where applicable. Additionally, the program contains cross-default provisions, which would allow the administrator to terminate the program in the event of non-payment of other material indebtedness when due and any other event which results in the acceleration of the maturity of material indebtedness.

Commercial Paper Program

Arch Western Resources has established a commercial paper placement program that provides up to \$75.0 million in short-term financing at rates that are generally lower than the rates available under our revolving credit facility. Under the commercial paper program, Arch Western Resources may sell interest-bearing or discounted short-term unsecured debt obligations with maturities of no more than 270 days. We had commercial paper outstanding of \$53.2 million at March 31, 2010. The commercial paper placement program is supported by a revolving credit facility that is subject to renewal annually and expires April 30, 2011. 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 the availability under our lines of credit is sufficient to satisfy our liquidity needs.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

On July 31, 2009, we issued an aggregate principal amount of \$600,000,000 of original notes under the indenture in an offering under Rule 144A and Regulation S of the Securities Act that was not registered under the Securities Act. In connection with the issuance and sale of the original notes, we entered into a registration rights agreement with the initial purchasers of the original notes. Under the registration rights agreement, we agreed to file a registration statement regarding the exchange of the original notes for exchange notes which are registered under the Securities Act. We also agreed to use our reasonable best efforts to cause the registration statement to become effective with the SEC and to conduct this exchange offer after the registration statement is declared effective. The form and terms of the exchange notes are substantially identical to the original notes except that the issuance of the exchange notes has been registered under the Securities Act and the transfer restrictions, registration rights and certain additional interest provisions relating to the original notes do not apply to the exchange notes. Under the registration rights agreement, we may be required to make additional payments in the form of additional interest to the holders of the original notes under circumstances relating to the timing of the exchange offer. The registration rights agreement provides that we will be required to pay additional interest to the holders of the original notes if the exchange offer is not consummated as of the 410th day after July 31, 2009 or a shelf registration statement is required to be filed under the registration rights agreement but has not been declared effective on or prior to the 410th day after July 31, 2009.

The registration rights agreement is filed as an exhibit to the registration statement of which this prospectus forms a part. This summary of certain provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which may be obtained as described under [Where You Can Find More Information](#).

Terms of the Exchange Offer

Upon the terms and conditions described in this prospectus, we will accept for exchange original notes that are properly tendered on or before the expiration date and not withdrawn as permitted below. As used in this prospectus, the term [expiration date](#) means 5:00 p.m., New York City time, on , 2010. However, if we, in our sole discretion, have extended the period of time for which the exchange offer is open, the term [expiration date](#) means the latest time and date to which we extended the exchange offer.

As of the date of this prospectus, \$600,000,000 aggregate principal amount of the original notes is outstanding. The original notes were offered under an indenture dated as of July 31, 2009. This prospectus is first being sent on or about , 2010 to all holders of original notes known to us. Our obligation to accept original notes for exchange in the exchange offer is subject to the conditions described under [Conditions to the Exchange Offer](#). We reserve the right to extend the period of time during which the exchange offer is open. We would then delay acceptance for exchange of any original notes by giving oral or written notice of an extension and delay to the holders of original notes as described below. During any extension period, all original notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any original notes not accepted for exchange will be returned to the tendering holder after the expiration or termination of the exchange offer. Holders of original notes do not have dissenters' rights of appraisal in connection with the exchange offer.

You may only exchange outstanding notes in denominations of \$2,000 and higher integral multiples of \$1,000.

We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified under Conditions to the Exchange Offer. We will give to the exchange agent oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the original notes as promptly as practicable. We will notify you of any extension by means of a press release or

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other public announcement no later than 9:00 a.m., New York City time, on the business day following the previously scheduled expiration date.

Our acceptance of the tender of original notes by a tendering holder will form a binding agreement upon the terms and subject to the conditions provided in this prospectus. The exchange offer is not being made to holders of original notes in any jurisdiction where the exchange would not comply with the securities or blue sky laws of such jurisdiction.

Procedures for Tendering

The tender to us of original notes by you, as set forth below, and our acceptance of the original notes will constitute a binding agreement between us and you, upon the terms and subject to the conditions set forth in this prospectus.

A tendering holder who holds notes in the form of book-entry interests must, on or prior to the expiration date, transmit an agent's message to the exchange agent at the address listed below under Exchange Agent. In addition, the exchange agent must receive timely confirmation of book-entry transfer of the original notes into the exchange agent's account at the Depository Trust Company, or DTC, the book-entry transfer facility, along with the agent's message. The term agent's message means a message transmitted to DTC and received by the exchange agent and forming a part of a book-entry transfer.

Only registered holders of certificated original notes may tender certificated notes in the exchange offer. A tendering holder of certificated notes must, on or prior to the expiration date, transmit a written or facsimile copy of a properly completed and duly executed letter of transmittal, including all other required documents, to the address listed below under Exchange Agent. In addition, the exchange agent must receive the certificates representing the original notes prior to the expiration date.

If you are a beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the original notes by causing DTC to transfer the original notes into the exchange agent's account.

We will determine in our sole discretion all questions as to the validity, form and eligibility of original notes tendered for exchange. This discretion extends to the determination of all questions concerning the timing of receipts and acceptance of tenders. These determinations will be final and binding.

We reserve the right to reject any particular original note not properly tendered, or any acceptance that might, in our judgment or our counsel's judgment, be unlawful. We also reserve the right to waive any conditions of the exchange offer as applicable to all original notes prior to the expiration date. We also reserve the right to waive any defects or irregularities or conditions of the exchange offer as to any particular original note prior to the expiration date. Our interpretation of the terms and conditions of the exchange offer as to any particular original note either before or after the expiration date shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within a reasonable period of time. None of us, the exchange agent or any other person will be under any duty to give notification of any defect or irregularity in any tender of original notes. Nor will we, the exchange agent or any other person incur any liability for failing to give notification of any defect or irregularity.

By tendering, each holder represents to us that:

the holder is not an affiliate of Arch Coal (as defined in Rule 405 under the Securities Act) or a broker-dealer tendering notes acquired directly from us for its own account;

the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not that person is the holder; and

neither the holder nor the other person has any arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes.

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In the case of a holder that is not a broker-dealer, that holder, by tendering, will also represent to us that the holder is not engaged in, and does not intend to engage in, a distribution of the exchange notes.

However, each holder who is our affiliate (within the meaning of the Securities Act) who intends to participate in the exchange offer for the purpose of distributing the exchange notes or a broker-dealer (within the meaning of the Securities Act) that acquired original notes in a transaction other than as part of its trading or market-making activities and who has arranged or has an understanding with any person to participate in the distribution of the exchange notes:

will not be able to rely on the applicable interpretation by the staff of the SEC set forth in the applicable no-action letters;

will not be able to tender its original notes in the exchange offer; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Each broker or dealer that receives exchange notes for its own account in exchange for original notes, where the original notes were acquired by it as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of the exchange notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. However, a broker-dealer may be a statutory underwriter. See Plan of Distribution.

Furthermore, any broker-dealer that acquired any of its original notes directly from us:

may not rely on the applicable interpretation of the staff of the SEC's position contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (April 13, 1988), *Morgan, Stanley & Co. Inc.*, SEC no-action letter (June 5, 1991), and *Shearman & Sterling*, SEC no-action letter (July 2, 1993); and

must also be named as a selling holder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

By delivering an agent's message, a beneficial owner (whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee) or holder will be deemed to have irrevocably appointed the exchange agent as its agent and attorney-in-fact (with full knowledge that the exchange agent is also acting as an agent for us in connection with the exchange offer) with respect to the original notes, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest subject only to the right of withdrawal described in this prospectus), to receive for our account all benefits and otherwise exercise all rights of beneficial ownership of such original notes, in accordance with the terms and conditions of the exchange offer.

Each beneficial owner or holder will also be deemed to have represented and warranted to us that it has authority to tender, exchange, sell, assign and transfer the original notes it tenders and that, when the same are accepted for exchange, we will acquire good, marketable and unencumbered title to such original notes, free and clear of all liens, restrictions, charges and encumbrances, and that the original notes tendered are not subject to any adverse claims or proxies. Each beneficial owner and holder, by tendering its original notes, also agrees that it will comply with its obligations under the registration rights agreement.

Guaranteed Delivery Procedures

Holders who wish to tender their original notes and

whose original notes are not immediately available;

who cannot deliver their original notes, the letter of transmittal or any other required documents to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer; or

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who cannot complete the procedures for delivery by book-entry transfer prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer,

may effect a tender if:

the tender is made by or through an eligible guarantor institution;

prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer, the exchange agent receives from such eligible guarantor institution a properly completed and duly executed Notice of Guaranteed Delivery, by facsimile transmission, mail or hand delivery, setting forth the name and address of the holder of the original notes, the certificate number or numbers of such original notes and the principal amount of original notes tendered, stating that the tender is being made thereby, and guaranteeing that, within three business days after the expiration date, a letter of transmittal, or facsimile thereof or agent's message in lieu of such letter of transmittal, together with the certificate(s) representing the original notes to be tendered in proper form for transfer and any other documents required by the letter of transmittal will be deposited by the eligible guarantor institution with the exchange agent; and

a properly completed and duly executed letter of transmittal (or facsimile thereof) together with the certificate(s) representing all tendered original notes in proper form for transfer, or an agent's message in the case of delivery by book-entry transfer, and all other documents required by the letter of transmittal are received by the exchange agent within three business days after the expiration date.

Acceptance of Original Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all original notes properly tendered, unless we terminate the exchange offer because of the non-satisfaction of conditions. We will issue the exchange notes as soon as practicable after acceptance of the original notes. For purposes of the exchange offer, we will be deemed to have accepted properly tendered original notes for exchange when, as and if we have given oral or written notice to the exchange agent, with prompt written confirmation of any oral notice. See Conditions to the Exchange Offer below for a discussion of the conditions that must be satisfied before we accept any original notes for exchange.

For each original note accepted for exchange, the holder of the original note will receive an exchange note having a principal amount equal to that of the surrendered original note. The exchange notes will bear interest from the most recent date to which interest has been paid on the original notes. Accordingly, registered holders of exchange notes on the relevant record date for the first interest payment date following the completion of the exchange offer will receive interest accruing from the most recent date to which interest has been paid or, if no interest has been paid on the original notes, from July 31, 2009. Original notes accepted for exchange will cease to accrue interest from and after the date of completion of the exchange offer. Holders of original notes whose original notes are accepted for exchange will not receive any payment for accrued interest on the original notes otherwise payable on any interest payment date, the record date for which occurs on or after completion of the exchange offer and will be deemed to have waived their rights to receive the accrued interest on the original notes.

In all cases, issuance of exchange notes for original notes will be made only after timely receipt by the exchange agent of an agent's message and a timely confirmation of the book-entry transfer of the original notes into the exchange agent's account at DTC.

Unaccepted or non-exchanged original notes will be returned without expense to the tendering holder of the original notes. The non-exchanged original notes will be credited to an account maintained with DTC as promptly as practicable after the expiration of the exchange offer.

Book-Entry Transfer

The exchange agent will make a request to establish an account for the original notes at DTC for purposes of the exchange offer within two business days after the date of this prospectus. Any financial

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institution that is a participant in DTC's systems must make book-entry delivery of original notes by causing DTC to transfer those original notes into the exchange agent's account at DTC in accordance with DTC's procedure for transfer. This participant should transmit its acceptance to DTC on or prior to the expiration date. DTC will verify this acceptance, execute a book-entry transfer of the tendered original notes into the exchange agent's account at DTC and then send to the exchange agent confirmation of this book-entry transfer. The transmission of the original notes and agent's message to DTC and delivery by DTC to and receipt by the exchange agent of the related agent's message will be deemed to be a valid tender.

Exchanging Book-Entry Notes

The exchange agent and the book-entry transfer facility have confirmed that any financial institution that is a participant in the book-entry transfer facility may utilize the book-entry transfer facility's Automated Tender Offer Program, or ATOP, procedures to tender original notes. Any participant in the book-entry transfer facility may make book-entry delivery of original notes by causing the book-entry transfer facility to transfer such original notes into the exchange agent's account in accordance with the book-entry transfer facility's ATOP procedures for transfer. However, the exchange for the original notes so tendered will only be made after a book-entry confirmation of the book-entry transfer of original notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. The term "agent's message" means a message, transmitted by the book-entry transfer facility and received by the exchange agent and forming part of a book-entry confirmation, which states that the book-entry transfer facility has received an express acknowledgment from a participant tendering original notes that are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the exchange offer as described in this prospectus, and that we may enforce such terms against such participant.

Withdrawal Rights

Tenders of original notes may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal of a tender of original notes to be effective, the exchange agent must receive a valid withdrawal request through ATOP from the tendering DTC participant before the expiration date. Any such request for withdrawal must include the VOI number of the tender to be withdrawn and the name of the ultimate beneficial owner of the related original notes in order that such bonds may be withdrawn.

We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Any original notes so withdrawn will be deemed not to have been validly tendered for exchange. No exchange notes will be issued unless the original notes so withdrawn are validly re-tendered. Any original notes that have been tendered for exchange, but which are not exchanged for any reason, will be returned to the tendering holder without cost to the holder. The original notes will be credited to an account maintained with DTC for the original notes. The original notes will be credited to the DTC account as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn original notes may be re-tendered by following the procedures described under the heading "Procedures for Tendering" above at any time on or before 5:00 p.m., New York City time, on the expiration date.

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer, we will not be required to accept for exchange, or to issue exchange notes in exchange for, any original notes, and may terminate or amend the exchange offer, if at any time prior to the expiration date any of the following events occurs:

there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission which, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer;

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a change in applicable law prohibits the consummation of such exchange offer; or

any change, or any development involving a prospective change, has occurred or been threatened in our business, financial condition, operations or prospects and those of our subsidiaries taken as a whole that is or may be adverse to us, or we have become aware of facts that have or may have an adverse impact on the value of the original notes or the exchange notes, which in our reasonable judgment in any case makes it inadvisable to proceed with the exchange offer and about which change or development it makes a public announcement.

All conditions will be deemed satisfied or waived prior to the expiration date unless we assert them prior to the expiration date. The foregoing conditions to the exchange offer are for our sole benefit, and we may assert them prior to the expiration date regardless of the circumstances giving rise to any of these conditions, or we may waive them prior to the expiration date in whole or in part in our reasonable discretion. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any right.

In addition, we will not accept for exchange any original notes tendered, and no exchange notes will be issued in exchange for any original notes, if at the time the original notes are tendered any stop order is threatened or in effect relating to the registration statement of which this prospectus constitutes a part. We are required to make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a registration statement at the earliest possible moment.

Exchange Agent

We have appointed U.S. Bank National Association as the exchange agent for the exchange offer. You should direct questions and requests for assistance and requests for additional copies of this prospectus or the related letter of transmittal and notice of guaranteed delivery to the exchange agent addressed as follows:

Delivery To:
U.S. Bank National Association
By Hand, Registered or Certified Mail, or Overnight Courier:
U.S. Bank National Association
Attention: Specialized Finance
60 Livingston Avenue
Mail Station EP-MN-WS2N
St. Paul, Minnesota 55107-2292

By Facsimile: (651) 495-8158
Confirm By Telephone: (800) 934-6802

All other questions should be addressed to Arch Coal, Inc., One CityPlace Drive, Suite 300, St. Louis, Missouri 63141, Attn. Robert G. Jones.

Fees and Expenses

The principal solicitation is being made by mail by the exchange agent. Additional solicitation may be made by telephone, facsimile or in person by our officers and regular employees and by persons so engaged by the exchange agent.

We will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith and pay other registration expenses, including fees and expenses of the trustee under the indenture, filing fees, blue sky fees and printing and distribution expenses. We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offer.

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Accounting Treatment

We will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. We will amortize the expense of the exchange offer over the term of the exchange notes in accordance with accounting principles generally accepted in the United States of America.

Transfer Taxes

We will pay all transfer taxes, if any in connection with the exchange of original notes for exchange notes in the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the record holder or any other person, if we are instructed to register exchange notes in the name of, or requested to return any original notes not tendered or not accepted in the exchange offer to, a person other than the registered tendering holder.

Consequences of Exchanging or Failing to Exchange the Original Notes

Holders of original notes who do not exchange their original notes for exchange notes in the exchange offer will continue to be subject to the provisions in the indenture regarding transfer and exchange of the original notes and the restrictions on transfer of the original notes as described in the legend on the original notes as a consequence of the issuance of the original notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the original notes may not be offered or sold, unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Original note holders that do not exchange original notes for exchange notes in the exchange offer will no longer have any registration rights with respect to such notes.

Based on existing interpretations of the Securities Act by the SEC's staff contained in several no-action letters to third parties unrelated to us, and subject to the immediately following sentence, we believe that the exchange notes would generally be freely transferable by holders after the exchange offer without further registration under the Securities Act, subject to certain representations required to be made by each holder of exchange notes, as set forth below. However, any purchaser of exchange notes who is one of our affiliates (as defined in Rule 405 under the Securities Act) or who intends to participate in the exchange offer for the purpose of distributing the exchange notes:

will not be able to rely on the applicable interpretation of the staff of the SEC;

will not be able to tender its original notes in the exchange offer; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the notes unless such sale or transfer is made pursuant to an exemption from such requirements. See Plan of Distribution.

We do not intend to seek our own interpretation regarding the exchange offer and there can be no assurance that the SEC's staff would make a similar determination with respect to the exchange notes as it has in other interpretations to other parties, although we have no reason to believe otherwise.

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DESCRIPTION OF EXCHANGE NOTES

Arch Coal issued the original notes and will issue the exchange notes offered hereby (the Notes) under an Indenture dated as of July 31, 2009 (as supplemented through the date of this prospectus, the Indenture), among Arch Coal, the Guarantors and U.S. Bank National Association, as trustee. The Indenture has been filed as an exhibit to the registration statement of which this prospectus is part. The Indenture complies with the Trust Indenture Act of 1939. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act.

On July 31, 2009, Arch Coal issued \$600.0 million aggregate principal amount of original notes under the Indenture. The terms of the exchange notes will be identical in all material respects to the terms of the original notes, except for certain transfer restrictions and registration and other rights relating to the exchange of the original notes for exchange notes. U.S. Bank National Association, as trustee, will authenticate and deliver exchange notes for original issue in exchange for a like principal amount of original notes. The exchange notes and any original notes that remain outstanding after the consummation of the exchange offer will be treated as a single series of notes under the Indenture, including for purposes of determining whether the required percentage of holders have given their approval or consent to an amendment or waiver or joined in directing the trustee to take certain actions on behalf of all holders. Accordingly, all references in this Description of Exchange Notes to specified percentages in aggregate principal amounts of outstanding Notes shall be deemed to mean at any time after the exchange offer is consummated that percentage in aggregate principal amount of the original notes and exchange notes then outstanding. For purposes of this description, references to the Notes include the exchange notes and the original notes that remain outstanding after the consummation of the exchange offer.

You can find the definitions of certain terms used in this description under the subheading Certain Definitions. In this description, Arch Coal refers only to Arch Coal, Inc. and not to any of its subsidiaries.

You are encouraged to read the Indenture and the Registration Rights Agreement because they, and not this description, define your rights as a holder of the Notes. Copies of the Indenture and the Registration Rights Agreement are available upon request to Arch Coal at the address indicated under Where You Can Find More Information.

Brief Description of Notes and the Guarantees

The Notes

The Notes will:

be Arch Coal's general unsecured obligations;

mature on August 1, 2016;

subject to Arch Coal's ability to issue additional notes under certain circumstances;

rank equally in right of payment with any and all of Arch Coal's existing and future Debt that is not subordinated in right of payment to the Notes;

be structurally subordinated to all existing and future Debt of Subsidiaries of Arch Coal that do not provide Note Guarantees, including the Arch Western Notes, the commercial paper program and the accounts receivable securitization program;

be effectively subordinated to all existing and future secured Debt of Arch Coal to the extent of the assets securing such Indebtedness, including Debt under the Credit Agreement;

rank senior in right of payment with any and all of Arch Coal's future Debt that is subordinated in right of payment to the Notes; and

be initially guaranteed on a senior basis by the Subsidiaries of Arch Coal that guarantee the repayment of Debt under the Credit Agreement.

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The Note Guarantees

Each Note Guarantee will:

be a general unsecured obligation of the Guarantor that granted such Note Guarantee;

be effectively subordinated to all existing and future secured Debt of such Guarantor to the extent of the assets securing such Debt, including Debt of the Guarantors with respect to the Credit Facility;

rank equally in right of payment with any and all of such Guarantor's existing and future Debt that is not subordinated in right of payment to its Guarantee; and

rank senior in right of payment to any and all of such Guarantor's future Debt that is subordinated in right of payment to its Guarantee.

General

As of March 31, 2010:

Arch Coal had \$1.8 billion of indebtedness outstanding on a consolidated basis (excluding an intercompany note in an outstanding amount of \$1.6 billion which is held by Arch Western and pledged for the benefit of the holders of the \$950.0 million aggregate principal amount of Arch Western Notes);

on a combined basis, the Guarantors had no outstanding indebtedness other than the Note Guarantees, the guarantees and guarantees under the Credit Agreement; and

on a combined basis, the Subsidiaries that have not guaranteed the Notes had (i) total Debt of \$1,098.6 million, consisting of the Arch Western Notes, commercial paper borrowings of Arch Western Resources, LLC and borrowings under Arch Receivable Company, LLC's securitization program, (ii) \$1.7 billion of total liabilities and (iii) total assets of \$2.0 billion, excluding the intercompany note in the outstanding amount of \$1.6 billion which is held by Arch Western and pledged for the benefit of the holders of the \$950.0 million aggregate principal amount of Arch Western Notes.

Not all of Arch Coal's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will be required to repay financial and trade creditors before distributing any assets to Arch Coal or a Guarantor. For the three months ended March 31, 2010 and for the year ended December 31, 2009, the non-guarantor Subsidiaries generated 66.4% and 64.1%, respectively, of Arch Coal's consolidated revenues.

Under the circumstances described below under the caption "Certain Covenants - Designation of Restricted and Unrestricted Subsidiaries," Arch Coal will be permitted to designate certain of its Subsidiaries as Unrestricted Subsidiaries. Arch Coal's Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture. Arch Coal's Unrestricted Subsidiaries will not guarantee the Notes.

Holding Company Structure

Arch Coal is a holding company for its Subsidiaries with no material operations of its own and only limited assets. Accordingly, Arch Coal is dependent upon the distribution of the earnings of its Subsidiaries, whether in the form of

dividends, advances or payments on account of intercompany obligations, to service its debt obligations.

Principal, Maturity and Interest

Arch Coal is issuing up to \$600.0 million aggregate principal amount of Notes in this exchange offer. In addition, subject to compliance with the limitations contained in the Indenture and described under Certain Covenants Limitation on Debt, Arch Coal may in the future issue an unlimited principal amount of additional Notes from time to time after this exchange offer under the same Indenture (the Additional Notes) without the consent of the Holders. Any Additional Notes that Arch Coal issues in the future will be identical in all respects to the Notes and will form a single series with the Notes, except that Additional Notes issued in

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the future will have different issuance dates, may have different issuance prices and may not be fungible for trading purposes with the Notes. Arch Coal will issue Notes only in fully registered form without coupons, in denominations of \$2,000 and integral multiples of \$1,000.

The Notes will mature on August 1, 2016.

Interest on the Notes will accrue at a rate of 8.750% per annum and will be payable semi-annually in arrears on February 1 and August 1, commencing on August 1, 2010. Arch Coal will pay interest to those persons who were Holders of record on the January 15 or July 15 immediately preceding each interest payment date. Interest on the Notes will accrue from the Issue Date or, if interest has already been paid, from the date of the last interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Note Guarantees

The Notes will initially be guaranteed by each Subsidiary of Arch Coal that guarantees Debt under the Credit Agreement, consisting of substantially all of Arch Coal's Subsidiaries other than Arch Western and its Subsidiaries. The Indenture also requires that each existing and future Restricted Subsidiary that is not otherwise a Guarantor that guarantees any other Debt of Arch Coal or any of its Guarantors guarantees the Notes.

Each of the Guarantors will unconditionally guarantee, on a joint and several basis with all other Guarantors, all of Arch Coal's obligations under the Notes, including its obligations to pay principal, interest, and premium, if any, with respect to the Notes. The Note Guarantees will be general unsecured obligations of the Guarantors and rank *pari passu* with all existing and future Debt of the Guarantors that is not, by its terms, expressly subordinated in right of payment to the Guarantees. The obligations of each Guarantor will be limited to the maximum amount which, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under the Indenture, will result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law. See Risk Factors Risks Related to the Exchange Notes Federal and state fraudulent conveyance laws permit a court to void the notes and guarantees, and if that occurs, you may not recover payment on the notes. Each Guarantor that makes a payment or distribution under a Note Guarantee will be entitled to a contribution from each other Guarantor in a pro rata amount, based on the net assets of each Guarantor determined in accordance with GAAP. Except as provided in Certain Covenants Limitation on Asset Sales, Arch Coal will not be restricted from selling or otherwise disposing of any of the Guarantors.

The Indenture provides that:

- (i) in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of the Capital Stock of any Guarantor, after which the applicable Guarantor is no longer a Restricted Subsidiary, such Guarantor will be released and relieved of any obligations under its Guarantee; *provided* that the Net Available Cash from such sale or other disposition is applied in accordance with the applicable provisions of the Indenture. See Certain Covenants Limitation on Asset Sales;
- (ii) upon the release or discharge of the Guarantee of the Credit Agreement or the Guarantee of a Guarantor that resulted in the creation of the Note Guarantee of such Guarantor, except a discharge or release by or as a result of payment under such other Guarantee, such Guarantor will be released and relieved of any obligations under its Note Guarantee;

(iii) upon the designation of any Guarantor as an Unrestricted Subsidiary in accordance with the terms of the Indenture, such Guarantor will be released and relieved of any obligations under its Note Guarantee; and

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(iv) upon the satisfaction and discharge of the Indenture as described under Satisfaction and Discharge, or upon the defeasance of the Indenture as described under Defeasance, each Guarantor will be released and relieved of any obligations under its Note Guarantee.

Optional Redemption

Except as set forth in the following two paragraphs, the Notes will not be redeemable at the option of Arch Coal prior to August 1, 2013. Starting on that date, Arch Coal may redeem all or any portion of the Notes, at once or over time, upon not less than 30 nor more than 60 days prior notice. The Notes may be redeemed at the redemption prices set forth below, plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest, if any, due on the relevant interest payment date). The following prices are for Notes redeemed during the 12-month period commencing on August 1 of the years set forth below, and are expressed as percentages of principal amount:

Year	Redemption Price
2013	104.375%
2014	102.188%
2015 and thereafter	100.000%

In addition, at any time and from time to time, prior to August 1, 2012, Arch Coal may redeem up to a maximum of 35% of the original aggregate principal amount of the Notes (calculated giving effect to any issuance of Additional Notes) with the proceeds of one or more Public Equity Offerings, at a redemption price equal to 108.750% of the principal amount thereof, plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that after giving effect to any such redemption, at least 65% of the original aggregate principal amount of the Notes (calculated giving effect to any issuance of Additional Notes) remains outstanding immediately after the occurrence of such redemption (excluding Notes held by Arch Coal or any of its Subsidiaries). Any such redemption shall be made within 90 days after the date of the closing of such Public Equity Offering.

At any time prior to August 1, 2013, Arch Coal may, at its option, on one or more occasions redeem all or a part of the Notes, upon not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of the date of redemption, and, without duplication, accrued and unpaid interest, if any, to the redemption date (subject to the rights of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Sinking Fund; Open Market Purchases

There will be no mandatory redemption or sinking fund payments for the Notes. Arch Coal may at any time and from time to time purchase Notes in the open market or otherwise.

Repurchase at the Option of Holders Upon a Change of Control

Upon the occurrence of a Change of Control, unless Arch Coal has previously or concurrently mails a redemption notice with respect to all outstanding Notes as described under Optional Redemption, each Holder of Notes shall have the right to require Arch Coal to repurchase all or any part of such Holder's Notes pursuant to the offer described below (the Change of Control Offer) at a purchase price (the Change of Control Purchase Price) equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date (subject to the right of

Holders of record on the relevant record date to receive interest due on the relevant interest payment date). If the repurchase date is after a record date and on or before the relevant interest payment date, the accrued and unpaid interest, if any, will be paid to the person or entity in whose name the Note is registered at the close of business on that record date, and no additional interest will be payable to Holders whose Notes shall be subject to repurchase.

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Within 30 days following any Change of Control, Arch Coal shall:

- (a) cause a notice of the Change of Control Offer to be sent at least once to the Dow Jones News Service or similar business news service in the United States; and
- (b) send, by first-class mail, with a copy to the Trustee, to each Holder of Notes, at such Holder's address appearing in the Security Register, a notice stating:
 - (1) that a Change of Control has occurred and a Change of Control Offer is being made pursuant to the covenant entitled Repurchase at the Option of Holders Upon a Change of Control and that all Notes timely tendered will be accepted for payment;
 - (2) the Change of Control Purchase Price and the repurchase date, which shall be, subject to any contrary requirements of applicable law, a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed;
 - (3) the circumstances and relevant facts regarding the Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to the Change of Control); and
 - (4) the procedures that Holders of Notes must follow in order to tender their Notes (or portions thereof) for payment, and the procedures that Holders of Notes must follow in order to withdraw an election to tender Notes (or portions thereof) for payment.

Arch Coal will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by Arch Coal and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Arch Coal will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this covenant, Arch Coal will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of such compliance.

Arch Coal has no present intention to engage in a transaction involving a Change of Control, although it is possible that it could decide to do so in the future. Subject to certain covenants described below, Arch Coal could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of debt outstanding at such time or otherwise affect its capital structure or credit ratings.

The definition of Change of Control includes a phrase relating to the sale, transfer, assignment, lease, conveyance or other disposition of all or substantially all of the Property of Arch Coal and its Restricted Subsidiaries, considered as a whole. Although there is a developing body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, if Arch Coal and its Restricted Subsidiaries, considered as a whole, dispose of less than all of this Property by any of the means described above, the ability of a Holder of Notes to require Arch Coal to repurchase its Notes may be uncertain. In such a case, Holders of the Notes may not be able to resolve this uncertainty without resorting to legal action. In addition, Holders of Notes may not be entitled to require Arch Coal to repurchase their Notes in certain circumstances involving a significant change in the composition of the Board of Directors of Arch Coal, including in connection with a proxy contest, where Arch Coal's Board of Directors does not endorse a dissident slate of directors but approves them for purposes of the Indenture.

The Credit Agreement provides that such debt be repaid upon the occurrence of certain events that would constitute a Change of Control under the Credit Agreement. Future Debt of Arch Coal may contain similar provisions. In addition, Arch Coal's ability to pay cash to Holders of Notes upon a repurchase may be limited by Arch Coal's then existing financial resources. Arch Coal cannot assure you that sufficient funds will be available when necessary to make any required repurchases. Arch Coal's failure to repurchase Notes in

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connection with a Change of Control would result in a default under the Indenture. Such a default could, in turn, constitute a default under other debt of Arch Coal and its Subsidiaries. Arch Coal's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified at any time prior to the occurrence of such Change of Control with the written consent of the Holders of at least a majority in aggregate principal amount of the Notes. See Amendments and Waivers.

Certain Covenants

Covenant Termination. Set forth below are summaries of certain covenants that are contained in the Indenture. Upon the first date that:

- (a) the Notes have Investment Grade Ratings from both Rating Agencies; and
- (b) no Default or Event of Default has occurred and is continuing under the Indenture,

Arch Coal and its Restricted Subsidiaries will not be subject to the following provisions of the Indenture:

Limitation on Debt;

Limitation on Restricted Payments;

Limitation on Asset Sales;

Limitation on Restrictions on Distributions from Restricted Subsidiaries;

Limitation on Transactions with Affiliates;

clause (a) (1) and (b) of Limitation on Sale and Leaseback Transactions;

Designation of Restricted and Unrestricted Subsidiaries; and

clause (e) of the first paragraph of Merger, Consolidation and Sale of Property.

As a result, the Notes will be entitled to substantially less protection from and after the date of termination of the covenants.

Limitation on Debt. Arch Coal shall not, and shall not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Debt unless, after giving effect to the application of the proceeds thereof, no Default or Event of Default would occur as a consequence of such Incurrence or be continuing following such Incurrence and either:

- (1) such Debt is Debt of Arch Coal or a Guarantor, and, after giving effect to the Incurrence of such Debt and the application of the proceeds thereof, Consolidated Interest Coverage Ratio of Arch Coal would be at least 2.0 to 1.0, or
- (2) such Debt is Permitted Debt.

The term Permitted Debt is defined to include the following:

- (a) Debt under Credit Facilities (including, without limitation, the Incurrence of Guarantees thereof) in an aggregate amount at any one time outstanding pursuant to this clause (a) not to exceed the greater of (i) \$860.0 million, less the

aggregate amount of all Net Available Cash from Asset Sales applied by Arch Coal or any Restricted Subsidiary to Repay any such Debt pursuant to the covenant described below under the caption Limitation on Asset Sales and (ii) 20% of Consolidated Net Tangible Assets;

(b) Debt of Arch Coal evidenced by the Notes issued on the Issue Date and the Note Guarantees thereof and any Exchange Notes issued in this offering in respect of such Notes and the related Note Guarantees thereof;

(c) Debt of Arch Western evidenced by the Arch Western Notes in an aggregate principal amount not to exceed \$950.0 million and the Guarantees thereof by Arch Western and its Subsidiaries;

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- (d) Debt of Arch Coal or a Restricted Subsidiary in respect of Capital Lease Obligations and Purchase Money Debt; *provided* that the aggregate principal amount of all Debt Incurred and then outstanding pursuant to this clause (d) (together with all Permitted Refinancing Debt Incurred and then outstanding in respect of Debt previously Incurred pursuant to this clause (d)) does not exceed, at any one time outstanding, 7% of Consolidated Net Tangible Assets;
- (e) Debt of Arch Coal owing to and held by any Restricted Subsidiary and Debt of a Restricted Subsidiary owing to and held by Arch Coal or any Restricted Subsidiary; *provided, however*, that any subsequent issue or transfer of Capital Stock that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Debt (except the Arch Coal Notes, to Arch Coal or a Restricted Subsidiary or any pledge of such Debt constituting a Permitted Lien) shall be deemed, in each case, to constitute the Incurrence of such Debt by the issuer thereof;
- (f) Debt under Interest Rate Agreements entered into by Arch Coal or a Restricted Subsidiary in the ordinary course of business;
- (g) Debt under Currency Exchange Protection Agreements entered into by Arch Coal or a Restricted Subsidiary in the ordinary course of business;
- (h) Debt under Commodity Price Protection Agreements entered into by Arch Coal or a Restricted Subsidiary in the ordinary course of business;
- (i) Debt in connection with one or more standby letters of credit, performance bonds, bid bonds, appeal bonds, bankers acceptances, insurance obligations, surety bonds, completion guarantees or other similar bonds and obligations, including self-bonding arrangements, issued by Arch Coal or a Restricted Subsidiary in the ordinary course of business or pursuant to self-insurance obligations and not in connection with the borrowing of money or the obtaining of advances;
- (j) Debt of Arch Coal or any Restricted Subsidiary under one or more unsecured commercial paper facilities in an aggregate amount pursuant to this clause (j) (including all Permitted Refinancing Debt Incurred and then outstanding in respect of Debt previously Incurred pursuant to this clause (j)) not to exceed \$100.0 million at any one time outstanding;
- (k) Debt of Arch Coal or a Restricted Subsidiary outstanding on the Issue Date not otherwise described in clauses (a) through (j) above or (l) through (s) below;
- (l) other Debt of Arch Coal or any Restricted Subsidiary in an aggregate principal amount outstanding at any one time not to exceed \$175.0 million;
- (m) Permitted Refinancing Debt Incurred in respect of Debt Incurred pursuant to clause (1) of the first paragraph of this covenant and clauses (b), (c), (d), (j), (k), and this clause (m);
- (n) Debt consisting of installment payment obligations to any federal or state governmental agency in connection with the acquisition of coal leases or oil, gas or other real property interests in the ordinary course of business;
- (o) Debt Incurred by Arch Coal or any of its Restricted Subsidiaries arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or guarantees or letters of credit, surety bonds or performance bonds securing any obligations of Arch Coal or any of its Restricted Subsidiaries pursuant to such agreements, in any case Incurred in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary (other than Guarantees of Debt Incurred by any Person acquiring all or any portion of such

business, assets or Capital Stock of a Restricted Subsidiary for the purpose of financing such acquisition), so long as the amount does not exceed the gross proceeds actually received by Arch Coal or any Restricted Subsidiary thereof in connection with such disposition;

(p) Debt Incurred by Arch Coal or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds

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in the ordinary course of business, *provided, however*, that such Debt is extinguished within five business days of its Incurrence;

(q) Debt Incurred by Arch Coal to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the Notes;

(r) Debt of a Receivables Subsidiary in respect of a Receivables Facility, which is non-recourse to Arch Coal or any other Restricted Subsidiary in any way other than Standard Securitization Undertakings;

(s) Debt of Persons that are acquired by Arch Coal or any of its Restricted Subsidiaries or merged into a Restricted Subsidiary in accordance with the terms of the Indenture; *provided, however*, that such Debt is not Incurred in contemplation of such acquisition or merger or to provide all or a portion of the funds or credit support required to consummate such acquisition or merger; *provided further*, that, after giving effect to such acquisition and the Incurrence of such Debt, Arch Coal would be permitted to Incur at least \$1.00 of additional Debt pursuant to clause (1) of the first paragraph of this covenant.

Notwithstanding anything to the contrary contained in this covenant, accrual of interest, accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Debt, will be deemed not to be an Incurrence of Debt for purposes of this covenant.

For purposes of determining compliance with this covenant in the event that an item of Debt meets the criteria of more than one of the categories of Permitted Debt described in clauses (a) through (s) above or is entitled to be incurred pursuant to clause (1) of the first paragraph of this covenant, Arch Coal shall, in its sole discretion, classify, and may later reclassify, such item of Debt in any manner that complies with this covenant. Notwithstanding the foregoing, Debt under the Credit Agreement outstanding on the Issue Date will be deemed to have been Incurred on such date in reliance on the exception provided by clause (a) of the definition of Permitted Debt and Debt under Arch Western's existing commercial paper facility outstanding on the Closing Date will be deemed to have been Incurred on such date in reliance on the exception provided by clause (j) of the definition of Permitted Debt.

Limitation on Restricted Payments. Arch Coal shall not make, and shall not permit any Restricted Subsidiary to make, directly or indirectly, any Restricted Payment if at the time of, and after giving effect to, such proposed Restricted Payment,

(a) a Default or Event of Default shall have occurred and be continuing;

(b) Arch Coal could not Incur at least \$1.00 of additional Debt pursuant to clause (1) of the first paragraph of the covenant described under *Limitation on Debt*; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made since the Issue Date (the amount of any Restricted Payment, if made other than in cash, to be based upon Fair Market Value at the time of such Restricted Payment) would exceed an amount equal to the sum of:

(1) 50% of the aggregate amount of Consolidated Net Income of Arch Coal accrued during the period (treated as one accounting period) from the beginning of the fiscal quarter during which the Issue Date occurs to the end of the most recent fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or if the aggregate amount of Consolidated Net Income of Arch Coal for such period shall be a deficit, minus 100% of such deficit), plus

(2) 100% of the Capital Stock Sale Proceeds, plus

(3) the sum of:

(A) the aggregate net cash proceeds received by Arch Coal or any Restricted Subsidiary from the issuance or sale after the Issue Date of convertible or exchangeable Debt that has been converted into or exchanged for Capital Stock (other than Disqualified Stock) of Arch Coal, and

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(B) the aggregate net cash proceeds received by Arch Coal from the issuance and sale after the Issue Date of Debt of Arch Coal or any Restricted Subsidiary that has been converted or exchanged for Capital Stock (other than Disqualified Stock) of Arch Coal,

excluding, in the case of clause (A) or (B):

(x) any such Debt issued or sold to Arch Coal or a Subsidiary of Arch Coal or an employee stock ownership plan or trust established by Arch Coal or any such Subsidiary for the benefit of their employees, and

(y) the aggregate amount of any cash or other Property distributed by Arch Coal or any Restricted Subsidiary upon any such conversion or exchange;

plus

(4) an amount equal to the sum of:

(A) the net reduction in Investments in any Person other than Arch Coal or a Restricted Subsidiary resulting from dividends, repayments of loans or advances or other transfers of Property, in each case to Arch Coal or any Restricted Subsidiary from such Person, and

(B) the portion (proportionate to Arch Coal's equity interest in such Unrestricted Subsidiary) of the Fair Market Value of the net assets of an Unrestricted Subsidiary of Arch Coal at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary;

provided, however, that the foregoing sum shall not exceed, in the case of any Person, the amount of Investments previously made (and treated as a Restricted Payment) by Arch Coal or any Restricted Subsidiary in such Person.

Notwithstanding the foregoing limitation, Arch Coal may:

(a) pay dividends on its Capital Stock within 60 days of the declaration thereof if, on the declaration date, such dividends could have been paid in compliance with the Indenture; *provided, however*, that such dividend shall be included in the calculation of the amount of Restricted Payments;

(b) make Restricted Payments in exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of Arch Coal (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of Arch Coal or an employee stock ownership plan or trust established by Arch Coal or any such Subsidiary for the benefit of their employees); *provided, however*, that

(1) such purchase, repurchase, redemption, legal defeasance, acquisition or retirement shall be excluded in the calculation of the amount of Restricted Payments and

(2) the Capital Stock Sale Proceeds from such exchange or sale shall be excluded from the calculation pursuant to clause (c) (2) above;

(c) purchase, repurchase, redeem, legally defease, acquire or retire for value any Subordinated Obligations in exchange for, or out of the proceeds of the substantially concurrent sale of, Permitted Refinancing Debt; *provided, however*, that such purchase, repurchase, redemption, legal defeasance, acquisition or retirement shall be excluded in the calculation of the amount of Restricted Payments;

(d) repurchase shares of, or options to purchase shares of, common stock of Arch Coal or any of its Subsidiaries from current or former officers, directors or employees of Arch Coal or any of its Subsidiaries (or permitted transferees of such current or former officers, directors or employees), pursuant to the terms of agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell, or are granted the option to purchase or sell, shares of such common stock; *provided, however*, that: (1) the aggregate amount of such repurchases shall not exceed \$5.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding years subject to a maximum of \$10.0 million in any calendar year) and (2) at the time of such repurchase, no other Default or Event of Default shall have

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occurred and be continuing (or result therefrom); *provided further, however*, that such repurchases shall be included in the calculation of the amount of Restricted Payments;

(e) so long as no Default or Event of Default has occurred and is continuing and Arch Western is a limited liability company, make distributions to the ARCO Member (as defined in the LLC Agreement), with respect to any period after September 30, 2009, not to exceed the Tax Amount allocated to such member under the LLC Agreement for such period; *provided, however*, that such distributions shall be excluded in the calculation of the amount of Restricted Payments;

(f) so long as no Default or Event of Default has occurred and is continuing, make distributions of the Preferred Return (as defined in the LLC Agreement) to the ARCO Member (as defined in the LLC Agreement) pursuant to the LLC Agreement in effect on the Issue Date; *provided, however*, that such distribution pursuant to this clause (f) shall not exceed \$100,000 per year and shall be excluded in the calculation of the amount of Restricted Payments;

(g) pay cash in lieu of fractional Capital Stock pursuant to the exchange or conversion of any exchangeable or convertible securities; *provided, however*, that such payment shall not be for the purpose of evading the limitation of this covenant (as determined by the Board of Director in good faith); *provided further, however*, that such payments will be included in the calculation of the amount of Restricted Payments;

(h) repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or other securities convertible into or exchangeable for Capital Stock of Arch Coal to the extent that such Capital Stock represents all or a portion of the exercise price thereof; *provided, however*, that such repurchase will be excluded in the calculation of the amount of Restricted Payments;

(i) declare and pay dividends to holders of any class or series of Disqualified Stock of Arch Coal or any Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, in each case issued in accordance with the covenant described under Limitation on Debt; *provided, however*, that 50% of such dividends shall be included in the calculation of the amount of Restricted Payments;

(j) declare and pay dividends on Arch Coal's common stock not to exceed an annual rate of \$0.36 per share (such amount to be appropriately adjusted to reflect any stock split, reverse stock split, stock dividend or similar transaction occurring after the Issue Date so that the aggregate amount of dividends permitted after such transaction is the same as the amount permitted immediately prior to such transaction); *provided however*, that such dividends shall be excluded in the calculation of the amount of Restricted Payments; and

(k) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed \$25.0 million; *provided, however*, that such Restricted Payments shall be excluded in the calculation of the amount of Restricted Payments.

For purposes of determining compliance with this covenant, if a Restricted Payment meets the criteria of more than one of the types of Restricted Payments described in clauses (a) through (k) above, Arch Coal may, in its sole discretion, classify such Restricted Payment in any manner that complies with this covenant.

Limitation on Liens.

Arch Coal shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, incur or suffer to exist, any Lien (other than Permitted Liens) upon any of its Property (including Capital Stock of a Restricted Subsidiary), whether owned at the Issue Date or thereafter acquired, or any interest therein or any income or profits therefrom, unless it has made or will make effective provision whereby the Notes or any Note Guarantee will be secured by such

Lien equally and ratably with all other Debt of Arch Coal or any Restricted Subsidiary secured by such Lien for so long as such other Debt is secured by such Lien; *provided, however*, that if such Debt is expressly subordinated to the Notes or any Note Guarantee, the Lien securing such Debt will be subordinated and junior to the Lien securing the Notes or such Note Guarantee, as the case may be, with the same relative priority as such Debt has with respect to the Notes or such Note Guarantee.

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Limitation on Asset Sales.

Arch Coal shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Sale unless:

(a) Arch Coal or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the Property subject to such Asset Sale;

(b) at least 75% of the consideration paid to Arch Coal or such Restricted Subsidiary in connection with such Asset Sale is in the form of cash, Cash Equivalents or Additional Assets or a combination thereof. For purposes of this provision, each of the following will be deemed to be cash:

(i) any liabilities of Arch Coal or any Restricted Subsidiary (other than contingent liabilities, liabilities that are by their terms subordinated to the Notes or the Note Guarantees or liabilities to the extent owed to Arch Coal or any Subsidiary of Arch Coal) that are assumed by the transferee of any Property or Capital Stock, as applicable, to the extent that Arch Coal and the Restricted Subsidiaries are no longer obligated with respect to such liabilities; and