

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q/A

Amendment No. 1

(Mark One)

- Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the quarterly period ended September 30, 2008
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 333-107569-03

**Arch Western Resources, LLC**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**43-1811130**

(I.R.S. Employer  
Identification Number)

**One CityPlace Drive, Suite 300, St. Louis, Missouri**  
(Address of principal executive offices)

**63141**  
(Zip code)

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

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

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   
(Do not check if a smaller reporting company)

Smaller reporting company

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

At December 5, 2008, the registrant's common equity consisted solely of undenominated membership interests, 99.5% of which were held by Arch Western Acquisition Corporation and 0.5% of which were held by a subsidiary of BP p.l.c.

### **Explanatory Note**

This Amendment No. 1 to the Quarterly Report on Form 10-Q for the period ended September 30, 2008 is being filed to include the unaudited condensed consolidating financial information for Arch Western Resources, LLC and its issuer, guarantor and non-guarantor subsidiaries that was inadvertently omitted from Note 10 to the unaudited condensed consolidated financial statements included in the Quarterly Report on Form 10-Q filed by the registrant with the Securities and Exchange Commission on November 14, 2008 (the "Original Report").

In addition, pursuant to the rules of the Securities and Exchange Commission, Item 6 of Part II to the Original Report has been updated to include currently dated certifications from our principal executive officer and principal financial officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

Except as described above, this Form 10-Q/A does not amend, update or change any other items or disclosures included in the Original Report.

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**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

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

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			(unaudited)	
<b>REVENUES</b>				
Coal sales	\$ 440,718	\$ 405,055	\$ 1,337,880	\$ 1,161,610
<b>COSTS, EXPENSES AND OTHER</b>				
Cost of coal sales	363,500	317,541	1,059,349	908,879
Depreciation, depletion and amortization	37,243	35,200	114,769	100,658
Selling, general and administrative expenses allocated from Arch Coal, Inc.	5,391	6,258	22,281	19,196
Other operating income, net	(1,048)	(808)	(3,168)	(8,794)
	<u>405,086</u>	<u>358,191</u>	<u>1,193,231</u>	<u>1,019,939</u>
Income from operations	35,632	46,864	144,649	141,671
Interest income, net:				
Interest expense	(15,237)	(18,119)	(48,819)	(53,818)
Interest income, primarily from Arch Coal, Inc.	19,065	26,429	59,064	73,640
	<u>3,828</u>	<u>8,310</u>	<u>10,245</u>	<u>19,822</u>
Non-operating expense	<u>—</u>	<u>(607)</u>	<u>—</u>	<u>(3,146)</u>
Income before minority interest	39,460	54,567	154,894	158,347
Minority interest	(3,722)	(4,460)	(9,475)	(14,024)
Net income	<u>\$ 35,738</u>	<u>\$ 50,107</u>	<u>\$ 145,419</u>	<u>\$ 144,323</u>
Net income attributable to redeemable membership interest	\$ 179	\$ 251	\$ 727	\$ 722
Net income attributable to non-redeemable membership interest	\$ 35,559	\$ 49,856	\$ 144,692	\$ 143,601

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

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

	September 30, 2008 (unaudited)	December 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,419	\$ 248
Receivables	3,249	3,559
Inventories	123,134	141,626
Other	20,418	27,128
Total current assets	152,220	172,561
Property, plant and equipment, net	1,338,556	1,225,993
Other assets:		
Receivable from Arch Coal, Inc.	1,549,172	1,427,833
Other	25,052	25,800
Total other assets	1,574,224	1,453,633
Total assets	<u>\$ 3,065,000</u>	<u>\$ 2,852,187</u>
<b>LIABILITIES AND MEMBERSHIP INTERESTS</b>		
Current liabilities:		
Accounts payable	\$ 103,130	\$ 82,254
Accrued expenses	111,090	128,754
Commercial paper	98,060	74,959
Total current liabilities	312,280	285,967
Long-term debt	956,490	957,514
Asset retirement obligations	206,043	194,190
Accrued postretirement benefits other than pension	39,032	36,805
Accrued workers' compensation	8,920	8,784
Other noncurrent liabilities	49,369	30,725
Total liabilities	1,572,134	1,513,985
Redeemable membership interest	8,723	8,000
Minority interest	192,493	183,018
Non-redeemable membership interest	1,291,650	1,147,184
Total liabilities and membership interests	<u>\$ 3,065,000</u>	<u>\$ 2,852,187</u>

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

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

	<b>Nine Months Ended September 30</b>	
	<b>2008</b>	<b>2007</b>
	(unaudited)	
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 145,419	\$ 144,323
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, depletion and amortization	114,769	100,658
Prepaid royalties expensed	95	3,440
Net gain on dispositions of property, plant and equipment	(336)	(5,923)
Minority interest	9,475	14,024
Other non-operating expense	—	3,146
Changes in:		
Receivables	310	12,673
Inventories	18,492	(9,851)
Accounts payable and accrued expenses	3,236	(35,176)
Other	29,587	36,556
Cash provided by operating activities	321,047	263,870
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(230,829)	(99,830)
Increase in receivable from Arch Coal, Inc.	(110,791)	(238,297)
Proceeds from dispositions of property, plant and equipment	378	6,338
Additions to prepaid royalties	(200)	(200)
Reimbursement of deposits on equipment	2,697	18,325
Cash used in investing activities	(338,745)	(313,664)
<b>FINANCING ACTIVITIES</b>		
Net proceeds from commercial paper	23,102	49,992
Debt financing costs	(233)	(139)
Cash provided by financing activities	22,869	49,853
Increase in cash and cash equivalents	5,171	59
Cash and cash equivalents, beginning of period	248	186
Cash and cash equivalents, end of period	\$ 5,419	\$ 245

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

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

**1. Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements include the accounts of Arch Western Resources, LLC and its subsidiaries and controlled entities (the "Company"). Arch Coal, Inc. ("Arch Coal") has a 99.5% common membership interest in the Company, while BP p.l.c. has a 0.5% common membership interest and a 0.5% preferred membership interest in the Company. Intercompany transactions and accounts have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and U.S. Securities and Exchange Commission regulations. In the opinion of management, all adjustments, consisting of normal, recurring accruals considered necessary for a fair presentation, have been included. Results of operations for the three and nine month periods ended September 30, 2008 are not necessarily indicative of results to be expected for the year ending December 31, 2008. These financial statements should be read in conjunction with the audited financial statements and related notes as of and for the year ended December 31, 2007 included in Arch Western Resources, LLC's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission.

**2. Accounting Policies**

***Accounting Pronouncements Adopted***

On January 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("Statement No. 157"). Statement No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements under other accounting pronouncements that require or permit fair value measurements. Statement No. 157 is effective prospectively for financial instruments recorded at fair value on a recurring basis. The FASB deferred the effective date of Statement No. 157 for one year for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis, which the Company will adopt effective January 1, 2009.

On January 1, 2008, Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115* ("Statement No. 159") became effective. Statement No. 159 permits entities the choice to measure certain financial instruments and other items at fair value. The Company did not elect to measure any financial instruments or other items at fair value under Statement No. 159.

***Accounting Standards Issued and Not Yet Adopted***

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51* ("Statement No. 160"). Statement No. 160 requires that a noncontrolling interest (minority interest) in a consolidated subsidiary be displayed in the consolidated balance sheet as a separate component of equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the consolidated statement of income. Statement No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. Statement No. 160 is effective for fiscal years beginning on or after December 15, 2008. Early adoption is not allowed. The Company does not expect that the adoption of Statement No. 160 will have a material impact on the Company's financial position or results of operations.

In October 2008, the FASB issued Staff Position FAS 157-3 *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* ("FSP FAS 157-3"), effective upon issuance. FSP FAS 157-3 clarifies the application of FASB Statement No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The Company does not expect that the adoption of FSP FAS 157-3 will have a material impact on the Company's financial position or results of operations.

### 3. Inventories

Inventories consist of the following:

	September 30, 2008	December 31, 2007
	(In thousands)	
Coal	\$ 18,238	\$ 42,942
Repair parts and supplies, net of allowance	104,896	98,684
	<u>\$ 123,134</u>	<u>\$ 141,626</u>

### 4. Property Transactions

During the nine months ended September 30, 2007, the Company sold non-strategic reserves in the Powder River Basin and recognized a gain on the sale of \$6.0 million, reflected in other operating income, net in the accompanying condensed consolidated statements of income.

### 5. Debt

On April 11, 2008, the Company amended its commercial paper placement program and the related revolving credit facility to increase the maximum aggregate principal amount outstanding to \$100.0 million from \$75.0 million.

### 6. Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income items under Statement of Financial Accounting Standards No. 130, *Reporting Comprehensive Income*, are transactions recorded in membership interests during the year, excluding net income and transactions with members.

The following table details the components of comprehensive income:

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
	(In thousands)			
Net income	\$ 35,738	\$ 50,107	\$ 145,419	\$ 144,323
Other comprehensive income:				
Net pension, postretirement and other post-employment benefits adjustments reclassified to income	(318)	371	(158)	1,243
Net losses on derivatives reclassified to income	—	607	—	3,146
Total comprehensive income	<u>\$ 35,420</u>	<u>\$ 51,085</u>	<u>\$ 145,261</u>	<u>\$ 148,712</u>

### 7. Related Party Transactions

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

The Company's cash transactions are managed by Arch Coal. Cash paid to or from the Company that is not considered a distribution or a contribution is recorded in an Arch Coal receivable account. In addition, any amounts owed between the Company and Arch Coal are recorded in the account. At September 30, 2008 and December 31, 2007, the receivable from Arch Coal was \$1.5 billion and \$1.4 billion, respectively. This amount earns interest from Arch Coal at the prime interest rate. Interest earned on the note was \$19.0 million and \$26.3 million for the three months ended September 30, 2008 and 2007, respectively, and \$58.9 million and \$73.2 million for the nine months ended September 30, 2008 and 2007, respectively. The receivable is payable on demand by the Company; however, it is currently management's intention to not demand payment of the receivable within the next year. Therefore, the receivable is classified on the accompanying condensed consolidated balance sheets as noncurrent.

On February 10, 2006, Arch Coal established an accounts receivable securitization program. Under the program, the Company sells its receivables to Arch Coal without recourse at a discount based on the prime rate and days sales outstanding. During the three months ended September 30, 2008 and 2007, the Company sold \$420.1 million and \$374.8 million, respectively, of trade accounts receivable to Arch Coal at a total discount of \$1.6 million and \$2.4 million, respectively. During the nine months ended September 30, 2008 and 2007, the Company sold \$1.3 billion and \$1.1 billion, respectively, of trade accounts receivable to Arch Coal at a total discount of \$5.8 million and \$7.5 million, respectively. These transactions are recorded through the Arch Coal receivable account.

For each of the three month periods ended September 30, 2008 and 2007, the Company incurred production royalties of \$8.7 million payable to Arch Coal under sublease agreements. For each of the nine month periods ended September 30, 2008 and 2007, the Company incurred production royalties of \$26.5 million payable to Arch Coal under sublease agreements.

The Company is charged selling, general and administrative services fees by Arch Coal. Expenses are allocated based on Arch Coal's best estimates of proportional or incremental costs, whichever is more representative of costs incurred by Arch Coal on behalf of the Company. Amounts allocated to the Company by Arch Coal were \$5.4 million and \$6.3 million for the three months ended September 30, 2008 and 2007, respectively, and \$22.3 million and \$19.2 million for the nine months ended September 30, 2008 and 2007, respectively.

## **8. Contingencies**

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

## **9. Segment Information**

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

Operating segment results for the three and nine month periods ended September 30, 2008 and 2007 are presented below. Results for the operating segments include all direct costs of mining. Corporate, Other and Eliminations includes corporate overhead, other support functions, and the elimination of intercompany transactions.



	<u>PRB</u>	<u>WBIT</u>	<u>Corporate, Other and Eliminations</u>	<u>Consolidated</u>
	(In thousands)			
<b>Three months ended September 30, 2008</b>				
Coal sales	\$ 280,365	\$ 160,353	\$ —	\$ 440,718
Income (loss) from operations	16,254	22,788	(3,410)	35,632
Total assets	1,798,793	2,049,686	(783,479)	3,065,000
Depreciation, depletion and amortization	19,132	18,111	—	37,243
Capital expenditures	29,432	30,017	—	59,449
<b>Three months ended September 30, 2007</b>				
Coal sales	\$ 261,150	\$ 143,905	\$ —	\$ 405,055
Income (loss) from operations	29,226	23,228	(5,590)	46,864
Total assets	1,686,897	1,892,733	(819,475)	2,760,155
Depreciation, depletion and amortization	18,276	16,924	—	35,200
Capital expenditures	7,397	17,737	—	25,134
<b>Nine months ended September 30, 2008</b>				
Coal sales	\$ 824,621	\$ 513,259	\$ —	\$1,337,880
Income (loss) from operations	65,303	101,391	(22,045)	144,649
Depreciation, depletion and amortization	55,481	59,288	—	114,769
Capital expenditures	105,994	124,835	—	230,829
<b>Nine months ended September 30, 2007</b>				
Coal sales	\$ 750,566	\$ 411,044	\$ —	\$1,161,610
Income (loss) from operations	85,078	68,836	(12,243)	141,671
Depreciation, depletion and amortization	52,029	48,629	—	100,658
Capital expenditures	21,483	78,347	—	99,830

A reconciliation of segment income from operations to consolidated income before minority interest follows:

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(In thousands)			
Income from operations	\$ 35,632	\$ 46,864	\$ 144,649	\$ 141,671
Interest expense	(15,237)	(18,119)	(48,819)	(53,818)
Interest income	19,065	26,429	59,064	73,640
Non-operating expense	—	(607)	—	(3,146)
Income before minority interest	<u>\$ 39,460</u>	<u>\$ 54,567</u>	<u>\$ 154,894</u>	<u>\$ 158,347</u>

#### 10. Supplemental Condensed Consolidating Financial Information

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

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

	<u>Parent Company</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Coal sales	\$ —	\$ —	\$ 323,277	\$ 117,441	\$ —	\$ 440,718
Cost of coal sales	(1,744)	—	274,979	90,965	(700)	363,500
Depreciation, depletion and amortization	—	—	22,270	14,973	—	37,243
Selling, general and administrative expenses allocated from Arch Coal	5,391	—	—	—	—	5,391
Other operating income, net	(237)	—	(431)	(1,080)	700	(1,048)
	<u>3,410</u>	<u>—</u>	<u>296,818</u>	<u>104,858</u>	<u>—</u>	<u>405,086</u>
Income from investment in subsidiaries	42,187	—	—	—	(42,187)	—
Income from operations	38,777	—	26,459	12,583	(42,187)	35,632
Interest expense	(18,069)	(12,616)	(117)	(466)	16,031	(15,237)
Interest income, primarily from Arch Coal	18,752	16,031	54	259	(16,031)	19,065
	<u>683</u>	<u>3,415</u>	<u>(63)</u>	<u>(207)</u>	<u>—</u>	<u>3,828</u>
Minority interest	(3,722)	—	—	—	—	(3,722)
Net income	<u>\$ 35,738</u>	<u>\$ 3,415</u>	<u>\$ 26,396</u>	<u>\$ 12,376</u>	<u>\$ (42,187)</u>	<u>\$ 35,738</u>

**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**  
**Three Months Ended September 30, 2007**  
(in thousands)

	<u>Parent Company</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Coal sales revenues	\$ —	\$ —	\$ 299,503	\$ 105,552	\$ —	\$ 405,055
Cost of coal sales	(618)	—	238,234	80,558	(633)	317,541
Depreciation, depletion and amortization	—	—	23,534	11,666	—	35,200
Selling, general and administrative expenses allocated from Arch Coal	6,258	—	—	—	—	6,258
Other operating income	(50)	—	(565)	(826)	633	(808)
	<u>5,590</u>	<u>—</u>	<u>261,203</u>	<u>91,398</u>	<u>—</u>	<u>358,191</u>
Income from investment in subsidiaries	53,022	—	—	—	(53,022)	—
Income from operations	47,432	—	38,300	14,154	(53,022)	46,864
Interest expense	(18,144)	(15,311)	(107)	(587)	16,030	(18,119)
Interest income, primarily from Arch Coal	25,886	16,030	115	428	(16,030)	26,429
	<u>7,742</u>	<u>719</u>	<u>8</u>	<u>(159)</u>	<u>—</u>	<u>8,310</u>
Non-operating expense	(607)	—	—	—	—	(607)
Minority interest	(4,460)	—	—	—	—	(4,460)
Net income	<u>\$ 50,107</u>	<u>\$ 719</u>	<u>\$ 38,308</u>	<u>\$ 13,995</u>	<u>\$ (53,022)</u>	<u>\$ 50,107</u>

**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**  
**Nine Months Ended September 30, 2008**  
(in thousands)

	<u>Parent Company</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Coal sales	\$ —	\$ —	\$ 1,015,659	\$ 322,221	\$ —	\$ 1,337,880
Cost of coal sales	78	—	813,546	247,547	(1,822)	1,059,349
Depreciation, depletion and amortization	—	—	68,439	46,330	—	114,769
Selling, general and administrative expenses allocated from Arch Coal	22,281	—	—	—	—	22,281
Other operating income, net	(314)	—	(2,095)	(2,581)	1,822	(3,168)
	<u>22,045</u>	<u>—</u>	<u>879,890</u>	<u>291,296</u>	<u>—</u>	<u>1,193,231</u>
Income from investment in subsidiaries	174,019	—	—	—	(174,019)	—
Income from operations	151,974	—	135,769	30,925	(174,019)	144,649
Interest expense	(55,141)	(40,027)	(393)	(1,352)	48,094	(48,819)
Interest income, primarily from Arch Coal	58,061	48,094	196	807	(48,094)	59,064
	<u>2,920</u>	<u>8,067</u>	<u>(197)</u>	<u>(545)</u>	<u>—</u>	<u>10,245</u>
Minority interest	(9,475)	—	—	—	—	(9,475)
Net income	<u>\$ 145,419</u>	<u>\$ 8,067</u>	<u>\$ 135,572</u>	<u>\$ 30,380</u>	<u>\$ (174,019)</u>	<u>\$ 145,419</u>

**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**  
**Nine Months Ended September 30, 2007**  
(in thousands)

	<u>Parent Company</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Coal sales	\$ —	\$ —	\$ 870,193	\$ 291,417	\$ —	\$ 1,161,610
Cost of coal sales	(838)	—	692,866	218,746	(1,895)	908,879
Depreciation, depletion and amortization	—	—	67,362	33,296	—	100,658
Selling, general and administrative expenses allocated from Arch Coal	19,196	—	—	—	—	19,196
Other operating (income) expense	(6,115)	—	(1,912)	(2,662)	1,895	(8,794)
	<u>12,243</u>	<u>—</u>	<u>758,316</u>	<u>249,380</u>	<u>—</u>	<u>1,019,939</u>
Income from investment in subsidiaries	155,721	—	—	—	(155,721)	—
Income from operations	143,478	—	111,877	42,037	(155,721)	141,671
Interest expense	(54,065)	(45,747)	(311)	(1,776)	48,081	(53,818)
Interest income, primarily from Arch Coal	72,080	48,081	351	1,209	(48,081)	73,640
	<u>18,015</u>	<u>2,334</u>	<u>40</u>	<u>(567)</u>	<u>—</u>	<u>19,822</u>
Non-operating expense	(3,146)	—	—	—	—	(3,146)
Minority interest	(14,024)	—	—	—	—	(14,024)
Net income (loss)	<u>\$ 144,323</u>	<u>\$ 2,334</u>	<u>\$ 111,917</u>	<u>\$ 41,470</u>	<u>\$ (155,721)</u>	<u>\$ 144,323</u>

**CONDENSED CONSOLIDATING BALANCE SHEETS**  
**September 30, 2008**  
(in thousands)

	<u>Parent Company</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 5,327	\$ —	\$ 26	\$ 66	\$ —	\$ 5,419
Receivables	904	—	1,322	1,023	—	3,249
Inventories	—	—	98,407	24,727	—	123,134
Other	2,945	2,157	6,935	8,381	—	20,418
<b>Total current assets</b>	<b>9,176</b>	<b>2,157</b>	<b>106,690</b>	<b>34,197</b>	<b>—</b>	<b>152,220</b>
Property, plant and equipment, net	—	—	1,007,282	331,274	—	1,338,556
Investment in subsidiaries	2,317,081	—	—	—	(2,317,081)	—
Receivable from Arch Coal, Inc.	1,512,419	—	—	36,753	—	1,549,172
Intercompanies	(2,209,985)	973,976	1,101,979	134,030	—	—
Other	960	8,007	11,517	4,568	—	25,052
<b>Total other assets</b>	<b>1,620,475</b>	<b>981,983</b>	<b>1,113,496</b>	<b>175,351</b>	<b>(2,317,081)</b>	<b>1,574,224</b>
<b>Total assets</b>	<b>\$ 1,629,651</b>	<b>\$ 984,140</b>	<b>\$ 2,227,468</b>	<b>\$ 540,822</b>	<b>\$ (2,317,081)</b>	<b>\$ 3,065,000</b>
Accounts payable	\$ 2,272	\$ —	\$ 83,095	\$ 17,763	\$ —	\$ 103,130
Accrued expenses	3,843	16,031	81,081	10,135	—	111,090
Commercial paper	98,060	—	—	—	—	98,060
<b>Total current liabilities</b>	<b>104,175</b>	<b>16,031</b>	<b>164,176</b>	<b>27,898</b>	<b>—</b>	<b>312,280</b>
Long-term debt	—	956,490	—	—	—	956,490
Accrued postretirement benefits other than pension	25,608	—	2,486	10,938	—	39,032
Asset retirement obligations	—	—	193,120	12,923	—	206,043
Accrued workers' compensation	4,232	—	643	4,045	—	8,920
Other noncurrent liabilities	2,770	—	40,389	6,210	—	49,369
<b>Total liabilities</b>	<b>136,785</b>	<b>972,521</b>	<b>400,814</b>	<b>62,014</b>	<b>—</b>	<b>1,572,134</b>
Redeemable membership interest	8,723	—	—	—	—	8,723
Minority interest	192,493	—	—	—	—	192,493
Non-redeemable membership interest	1,291,650	11,619	1,826,654	478,808	(2,317,081)	1,291,650
<b>Total liabilities and membership interests</b>	<b>\$ 1,629,651</b>	<b>\$ 984,140</b>	<b>\$ 2,227,468</b>	<b>\$ 540,822</b>	<b>\$ (2,317,081)</b>	<b>\$ 3,065,000</b>

**CONDENSED CONSOLIDATING BALANCE SHEETS**  
**December 31, 2007**  
(in thousands)

	<u>Parent Company</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 78	\$ —	\$ 16	\$ 154	\$ —	\$ 248
Receivables	1,145	—	1,224	1,190	—	3,559
Inventories	—	—	98,638	42,988	—	141,626
Other	11,342	2,153	5,868	7,765	—	27,128
<b>Total current assets</b>	<b>12,565</b>	<b>2,153</b>	<b>105,746</b>	<b>52,097</b>	<b>—</b>	<b>172,561</b>
Property, plant and equipment, net	—	—	864,575	361,418	—	1,225,993
Investment in subsidiaries	2,140,722	—	—	—	(2,140,722)	—
Receivable from Arch Coal, Inc.	1,399,046	—	(112)	28,899	—	1,427,833
Intercompanies	(2,105,212)	981,359	1,064,385	59,468	—	—
Other	802	9,617	11,611	3,770	—	25,800
<b>Total other assets</b>	<b>1,435,358</b>	<b>990,976</b>	<b>1,075,884</b>	<b>92,137</b>	<b>(2,140,722)</b>	<b>1,453,633</b>
<b>Total assets</b>	<b>\$ 1,447,923</b>	<b>\$ 993,129</b>	<b>\$ 2,046,205</b>	<b>\$ 505,652</b>	<b>\$ (2,140,722)</b>	<b>\$ 2,852,187</b>
Accounts payable	\$ 3,434	\$ —	\$ 62,504	\$ 16,316	\$ —	\$ 82,254
Accrued expenses	2,863	32,063	83,515	10,313	—	128,754
Commercial paper	74,959	—	—	—	—	74,959
<b>Total current liabilities</b>	<b>81,256</b>	<b>32,063</b>	<b>146,019</b>	<b>26,629</b>	<b>—</b>	<b>285,967</b>
Long-term debt	—	957,514	—	—	—	957,514
Accrued postretirement benefits other than pension	24,482	—	2,485	9,838	—	36,805
Asset retirement obligations	—	—	182,101	12,089	—	194,190
Accrued workers' compensation	4,293	—	1,053	3,438	—	8,784
Other noncurrent liabilities	(310)	—	25,886	5,149	—	30,725
<b>Total liabilities</b>	<b>109,721</b>	<b>989,577</b>	<b>357,544</b>	<b>57,143</b>	<b>—</b>	<b>1,513,985</b>
Redeemable membership interest	8,000	—	—	—	—	8,000
Minority interest	183,018	—	—	—	—	183,018
Non-redeemable membership interest	1,147,184	3,552	1,688,661	448,509	(2,140,722)	1,147,184
<b>Total liabilities and membership interests</b>	<b>\$ 1,447,923</b>	<b>\$ 993,129</b>	<b>\$ 2,046,205</b>	<b>\$ 505,652</b>	<b>\$ (2,140,722)</b>	<b>\$ 2,852,187</b>

**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS**  
**Nine Months Ended September 30, 2008**  
(in thousands)

	<u>Parent Company</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Consolidated</u>
Cash provided by (used in) operating activities	\$ (19,582)	\$ (7,369)	\$ 282,710	\$ 65,288	\$ 321,047
<b>Investing Activities</b>					
Capital expenditures	—	—	(248,046)	17,217	(230,829)
Increase in receivable from Arch Coal	(102,825)	—	(112)	(7,854)	(110,791)
Proceeds from dispositions of property, plant and equipment	—	—	355	23	378
Additions to prepaid royalties	—	—	—	(200)	(200)
Reimbursement of deposits on equipment	—	—	2,697	—	2,697
Cash used in investing activities	(102,825)	—	(245,106)	9,186	(338,745)
<b>Financing Activities</b>					
Net proceeds from commercial paper	23,102	—	—	—	23,102
Debt financing costs	(219)	(14)	—	—	(233)
Transactions with affiliates, net	104,773	7,383	(37,594)	(74,562)	—
Cash provided by (used in) financing activities	127,656	7,369	(37,594)	(74,562)	22,869
Increase (decrease) in cash and cash equivalents	5,249	—	10	(88)	5,171
Cash and cash equivalents, beginning of period	78	—	16	154	248
Cash and cash equivalents, end of period	<u>\$ 5,327</u>	<u>\$ —</u>	<u>\$ 26</u>	<u>\$ 66</u>	<u>\$ 5,419</u>



**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS**  
**Nine Months Ended September 30, 2007**  
(in thousands)

	<u>Parent Company</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Consolidated</u>
Cash provided by (used in) operating activities	\$ (2,464)	\$ (13,114)	\$ 189,338	\$ 90,110	\$ 263,870
<b>Investing Activities</b>					
Capital expenditures	—	—	(50,431)	(49,399)	(99,830)
Increase in receivable from Arch Coal	(237,675)	—	(2)	(620)	(238,297)
Proceeds from dispositions of property, plant and equipment	6,000	—	259	79	6,338
Additions to prepaid royalties	—	—	—	(200)	(200)
Reimbursement of deposits on equipment	—	—	18,325	—	18,325
Cash used in investing activities	<u>(231,675)</u>	<u>—</u>	<u>(31,849)</u>	<u>(50,140)</u>	<u>(313,664)</u>
<b>Financing Activities</b>					
Net proceeds from commercial paper	49,992	—	—	—	49,992
Debt financing costs	(139)	—	—	—	(139)
Transactions with affiliates, net	184,424	13,114	(157,616)	(39,922)	—
Cash provided by (used in) financing activities	<u>234,277</u>	<u>13,114</u>	<u>(157,616)</u>	<u>(39,922)</u>	<u>49,853</u>
Decrease in cash and cash equivalents	138	—	(127)	48	59
Cash and cash equivalents, beginning of period	—	—	161	25	186
Cash and cash equivalents, end of period	<u>\$ 138</u>	<u>\$ —</u>	<u>\$ 34</u>	<u>\$ 73</u>	<u>\$ 245</u>

**PART II**  
**OTHER INFORMATION**

**Item 6. Exhibits.**

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

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

**Signatures**

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

Arch Western Resources, LLC

By: /s/ John T. Drexler

John T. Drexler  
Vice President

December 5, 2008

### Certification

I, Paul A. Lang, certify that:

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

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

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

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

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Paul A. Lang

Paul A. Lang

President

Date: December 5, 2008

### Certification

I, John T. Drexler, certify that:

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

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

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

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

- (c) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (d) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John T. Drexler

John T. Drexler

Vice President

Date: December 5, 2008

**Certification of Periodic Financial Reports**

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

(1) the Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2008 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

/s/ Paul A. Lang

Paul A. Lang

President

Date: December 5, 2008

**Certification of Periodic Financial Reports**

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

(1) the Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2008 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

/s/ John T. Drexler

John T. Drexler

Vice President

Date: December 5, 2008