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ST. LOUIS (AP) — Arch Coal Inc. said Friday that it has agreed to sell its Utah operations to Bowie Resources LLC for \$435 million in cash.

Both companies have approved the deal, which is expected to close in the third quarter of 2013.

Shares of St. Louis-based Arch Coal jumped 28 cents, or 7.8 percent, to \$3.88 in premarket trading on the news.

Arch said the sale of its Canyon Fuel Co. subsidiary is consistent with its ongoing plan to boost shareholder value by selling certain non-core thermal coal assets.

Canyon Fuel includes Arch's Sufco and Skyline longwall mines and its Dugout Canyon continuous miner operation, which are all located in Utah. Bowie also will receive about 105 million tons of bituminous coal reserves in Utah as part of the deal.

After the deal closes, Louisville, Ky.-based Bowie said it plans to keep the existing 725-person workforce in place at the Canyon Fuel operations.

Arch said it expects the sale to result on cost savings of more than \$200 million from 2014 through 2017. The company also will recognize a pre-tax gain of about \$120 million related to the sale.

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